KNOWESIS

NOT THE BEATEN PATH

Seventh Issue | September 2014

"Don't ever let someone tell you that you can't do something. You gotta dream, you gotta protect it. When people can't do something themselves, they're gonna tell you that you can't do it. You want something, go get it..."

BOSCH
STOP CHILD ABUSE
It Should Not Hurt To Be A Child! Stop Child Abuse...
CHILD SEXUAL ABUSE
Dark Truth of a bright Society
Let us remove the DARKNESS
STOP
मत तो मेरे बच्चपन की जान
रहने दो मुस्कान ही मेरी पेहचान
...uldn't HURT to be a child
Childhood the Best Phase ... life...
Turn their tears ...
Children are our Future
Whilst child abuse may be committed behind closed doors, it should never be swept under the carpet.

WALK-A-THON 2014

Team KNOWESIS

Dear Reader,

We at Club Knowesis love the spirit of expression. It is this spirit that helps us understand and talk to one another. And in your hands now is the outcome of those who love that spirit. Yes, the seventh issue of Knowesis is not a magazine, but an expression of your friends (past, present and future). And just as is the nature of any expression, the ideas within are a reflection on what's been happening around us.

So the first question was what could we express? We needed a theme that governs us all. So when we were to decide a theme for this issue, as always is in human nature, the team came up with brilliant ideas but never did all agree on a single idea until the word "Pursuit" came up. It's an emotion that unites us all, an emotion that drives us!

Pursuits have caused many changes in the world. Some people's efforts have caused the elimination of life-threatening diseases. Elsewhere, the pursuit of economic development has irreparably damaged the environment.

A lot of great ideas thus came up with this issue. Margene, the Marketing club of NMIMS Bangalore decided to come onboard and put in their thoughts on the Narendra Modi brand. We would like to extend a special thanks to Neeyati Mehta and Jai Malhotra for their efforts on this. Another article curiously explores Brazil's intent to host the FIFA 2014 World Cup in the midst of a recession extending since 2008. A few more articles explore closer home, the state of reforms in the nation to achieve economic dominance and developments in the banking sector.

On the lighter front, simple and brilliant works of art have been included for the casual reader. One poem explores the heart of the theme while another ironically explores the trials and tribulations of the lazy individual.

We wish to thank the administrative staff of our institute, especially Ashish Dixit Sir and Mr. Rajesh, for their support to conduct our events as well as to make this issue a reality. The seniors at Club Knowesis would also love to sincerely thank the new junior team who have worked with unparalleled dedication for Knowesis's endeavours. Our hats off to them! We also wish to thank anybody who directly or indirectly helps us put colour to our work.

We wish you an enriching reading experience,

Happy Reading!!!
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STRUCTURE
citizens
Health
REVENUE
FUNDS
LOAN
MUTUAL
INSURANCE
BANKING
BUSINESS
FINANCIAL
MONEY
THEY ACTUALLY BELIEVE MORE HOT AIR WILL GET IT OFF THE GROUND!
BANK OF INDIA
BANK OF PUNJAB
HDFC BANK
FEDERAL BANK
HDFC DIRECT PAY
State Bank of India
PUNJAB NATIONAL BANK
STATE BANK OF INDIA

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CORRUPTION
everyone pays.
India
program
DISRUPT
SHAKE UP
CHANGE
CHALLENGE
Educ

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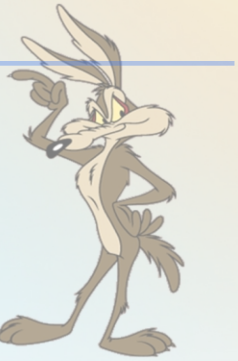
The Road Runner show

Shivani

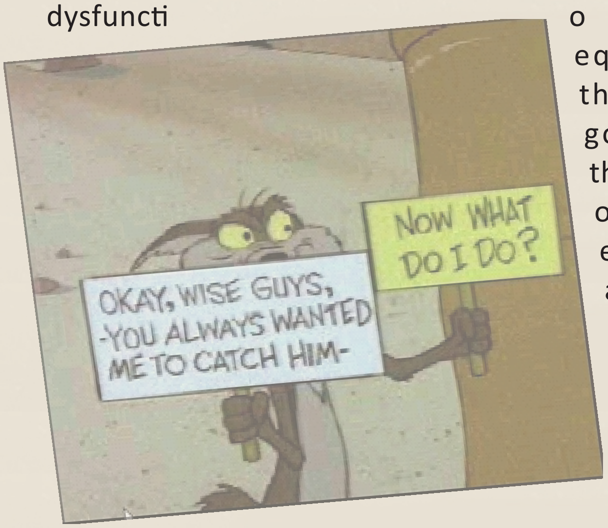


The all too familiar sound -“Beep Beep!” a puff of air and the road runner yet again manages to outrun its nemesis. The 1948 animated anthology series, The Road Runner Show by Warner Brother’s captured the attention of children for many generations. The same storyline spanning two seasons could have been a turn-off for the viewers, but instead, it managed to engage the viewers in a way that only a Warner Bros. production can. The two characters, created by animated director Chuck Jones, were meant to be a parody of the traditional cat-and-mouse cartoons like Tom and Jerry. But it ended up garnering popularity of its own. So much so that it regularly features on various ‘Most Watched Cartoons of All Time’ lists.

A huge contraption built with the purpose of capturing the road runner, or the use of a simple TNT to blow up the swift bird, each episode came up with new and innovative ways to finally trap the bird. Declaring that the Wile. E Coyote has probably strategized more than any person (read: management graduate) alive is not too far-fetched. His constant pursuance of his goal will put any hardworking human to shame.

He leaves behind his animal instincts in order to attempt to capture his potential dinner with the use of malfunctioning and ludicrous devices which he obtains from the fictitious Acme Corporation.

The road runner, seemingly oblivious to the Coyote’s plans to capture him, regularly manages to escape due to dysfunctional equipments, the coyote’s goof-ups as the operator of those equipments and his own incredible speed. As the fastest desert bird, luck seems to be forever on his side. But the coyote never accepts defeat. He pursues his goal till he actually manages to achieve it. But what goal? As kids, while we enjoyed the wily ways of Wile. E, we never really focused too much on the motive behind his stubborn chase of the road runner. We just lapped up his efforts and the violation of the various laws of physics with rapt attention. Apparently, even the coyote did not focus too much on his own motives. After thirty-two years of constant and untiring pursuit, in 1980, the coyote finally managed to catch his prey. Though his prey, due to circumstances, is now much bigger than he is, this was the moment all viewers had been waiting for. But once there, he looks confused and then holds up a sign pointed towards the viewers- “Okay, wise guys, you always wanted me to catch him...Now what do I do?”


OKAY, WISE GUYS, -YOU ALWAYS WANTED ME TO CATCH HIM-
NOW WHAT DO I DO?

A man (or animal) of few words, the Wile. E. Coyote manages to represent what we often forget. While one should persistently focus on achieving one’s goals, a constant review of the said goals, from time to time is also necessary. This is true even in the case of a static goal, but it is more relevant here where the goal itself is constantly on the move.

Now that all things are clear from the end- objective point of view, it comes down to the journey towards the objective. We always strategize and zero in on the best possible scenario as our approach. But the coyote sets example, something doesn’t seem to be working? Don’t keep pushing at a wall that will not budge. Go back to the drawing board. Rethink. Re-strategize. Iron- out the kinks and come up with an improved blueprint. One of these plans is eventually bound to work.

To be recognized and respected in one’s profession is a result of unwavering dedication to the profession. After all, we can all stand to learn something from one of ‘The 60 Nastiest Villains of All Time’ (by TV Guide).

Roadmap for Sustaining India's Growth

Mufaddal Dahodwala

It can be claimed that fundamentals of the Indian economy over the medium term continue to be sound. This may sound misleading now; but since monsoons have been adequate this year, demand will pick up and spur growth. The major impediments to higher growth over the next 12 months will stem more from how soundly India finances its current account deficit and reduces its fiscal deficit.

Given India's growth rate to be 5 per cent in the year 2014, it would have to gear up to increase its forex reserves, create more investor friendly environments and improvise on the manufacturing sector along with prudent subsidy schemes.Fuel, fertiliser and food are among the big-ticket subsidies provided by the Indian central and state governments.

Some food subsidies are warranted. In contrast, fertiliser subsidies are even less justified than fuel subsidies, though politically difficult to reduce in the near future. Consequently, inflationary pressures will persist and so will the causal factors of confidentiality and convenience, which drive incremental cash investments in gold.

In terms of net foreign exchange, outflows from India's debt and equity markets, an important concern is the extent to which US growth recovers, the Federal Reserve's purchases of longer-term treasuries and mortgage securities starting "tapering" down. The UK economy and the Eurozonehave started to do better and the unemployment rate is decreasing. To sum up, there is little that India can immediately do to reduce oil or gold imports, or to directly address risks arising from the G7 economies that are continuing to recover.

BRICS countries are moving to BIITS as China and Russia are being replaced by Indonesia and Turkey and India has to now also tackle funds from international banks and institutions. It has been reported that India will invest about $4.5 billion in the International Bank for Reconstruction and Development bonds to be able to borrow exactly the same amount, since it has reached the country risk limit for borrowings from the institution(as per BRICS report 2000).

IBRD bonds are issued at yields of about six-month dollar Libor, or London interbank offered rate, minus 20 basis points; and their loans carry interest rates of around six-month dollar Libor plus 80 basis points. If the information that India will invest in IBRD bonds is correct, it is surprising that it is prepared to bear an additional interest cost of one per cent to borrow an equivalent amount from them along with delays related to project clearances.

On September 4, 2013, the Reserve Bank of India (RBI) enhanced the prospects for capital inflows from non-resident Indians by announcing an exchange rate guarantee for foreign exchange deposits with maturities of three or more years. This move has improved sentiments about the rupee's exchange rate. However, the exchange rate risk of converting fresh foreign exchange deposits to rupees and back to the corresponding foreign currencies at maturity does not disappear. This risk will show up on the RBI's balance sheet as a contingent liability, and hence such deposits should be limited.

Future outflows from the debt market by foreign institutional investors (FIIs) will be limited as residual foreign investments in government debts stand at around $20 billion. FII equity outflows too should have an upper limit. If there are net equity outflows of, say, $15 billion, this will cause market levels and the rupee to plunge and it will be counterproductive for the FIIs to sell more. However, if India's credit rating is demoted, as per FII investment norms, they will have to reduce exposure to India. Another risk is that the last four years of extremely low interest rates in the larger G7 economies have created several asset bubbles. As US interest rates inevitablyrise, bond market bubbles will be among the first ones to be pricked. Furthermore, although real interest rates are low in India, investment decisions are based on nominal rates.

It follows that the RBI has to reduce interest rates to push for investments and growth. Lowering interest rates will put pressure on the rupee exchange rate and this can be another reason to bolster foreign exchange reserves in anticipation. Prudent risk management, the need to encourage fresh investment and India's limited options on what can be done immediately suggest that the country needs to augment its foreign exchange reserves and rupee resources through a VDS.

The VDS can be open for three months, offering say, three per cent less than the current market interest rates on deposits of maturities for three years and more. The growing international scrutiny of tax havens should be worrying for tax evaders. Consequently, a VDS offer could attract as much as $50 billion (approximately Rs 3 lakh crore).

This is unlikely, since three months is not enough for significant amounts of fresh round-tripping. On balance, the positives will outweigh the negatives if the funds that come back to the formal banking system, from within India or abroad, are used to boost growth and employment.

Before going into details about how the repo rate affects inflation and vice versa, it is important to understand what repo rate is.It is the rate at which the RBI lends money to commercial banks. It is also an instrument of monetary policy. When commercial banks run out of funds, they turn to RBI for help. So when the repo rate is low, banks get funds from them at cheaper rates. Recently, the governor of RBI, Mr.RaghuramRajan, unexpectedly raised the repo rate by 0.25 per cent-from 7.25 percent to 7.5 percent. In simple terms, the cost of borrowing increased for commercial banks. The impact of the repo rate on inflation and the rest of the economy is known as the transmission mechanism. The public expects RBI to do what is necessary to reduce the rate of inflation. Currently, India is experiencing a high inflation rate.

With an increase in the repo rate, the market interest rates will rise too. This will lead to a decrease in consumption and investments, and ultimately a reduction in demand. This will eventually cause a decrease in the rate of inflation. This is exactly what Raghuram Rajan is aiming at. Repo rate also has an impact on the exchange rate. When it is increased, like what has happened in India, the market interest rates also increase and lead to a stronger exchange rate. This causes increase in imports and decrease in exports. With lower import prices, inflation rate is once again lowered. Recently, the World Bank reduced the growth forecast of India.

As of August 2013, India's inflation rate was recorded at 6.1 percent, the highest in the last 6 months. The rate of inflation has been increasing incessantly in the last few months, which is why RBI has been forced to take extreme measures to bring the Indian economy back on its feet.

On the other hand, critics of the Raghuram Rajan policy have expressed disappointment in RBI's decision to increase the repo rate. These critics claim that the rate will not affect inflation, but in turn affect exports and bring down the Indian economy. It is true that the hike in repo rate will reduce India's export value; however, India cannot achieve every goal through one policy alone. The pressing issue that India faces at the moment is inflation, which is why all the monetary policies are aimed at addressing it. India's manufacturing sector is injured by the increasing repo rate saga, and manufacturing companies claim that inflation is rising because of inefficiencies in the supply chain. Supply chains ought to be efficient in a country like India as the scope of wastage can be less. High interest and inflation rates add to manufacturing costs and make the industry less competitive.

There is a trade-off in every step or decision taken. As per recent developments, there is a trade-off between inflation and export values. So if inflation reduces, exports suffer and vice versa.

Repo rate does help keep inflation in check even though some people think otherwise. RBI has always been changing the repo rate to keep the inflation in check. In fact, former governor of RBI Mr. Duvvuri Subbarao increased the repo rate 13 times between March 2010 and October 2011. This is an instrument and financial tool that financial ministers and governors of central banks all over the world use to tackle inflation.

In conclusion, RBI must maintain a trade-off between inflation and interest rates in order to create a good investment environment and make growths soar.

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Pursuit of Power – Brand Modi

Jai Malhotra

If someone said 30 years ago that a tea-seller from a humble background and without the heavy "Surname" would unite the largest democracy in the world and redefine Indian politics, he would be mocked at. But today as we breathe, a significant transition has taken place in our political circles. People have voted for a new government, a new party and a change.

The question however is who actually have we voted for? If we just give a minute and introspect what was the one factor, the one belief, the one emotion that has united the most diverse vote bank to give such a decisive verdict, it is : Brand Modi. Imagine the BJP without Brand Modi and you would have your answer.

No doubt the party has great political depth but with all due respect it was Brand Modi that was the sole reason for the stunning victory. To begin with was a very catchy slogan that caught the imagination of everyone "Abki baar Modi Sarkar".

He was made the election campaign committee chief last year in June and it all began very clearly there. There were few hiccups as he was accused of breaking up his own party and defying his mentor. While his opponents were debating the worth of social media and how much it transfers into vote share, Team Modi extensively captured the social media. Twitter, Facebook, Youtube, own website you name it BJP was extensively campaigning and Brand Modi was making his presence felt. This definitely gave Brand Modi the initial edge as it captured the young minds and their aspirations via tweets, views and virtual likes. Every post, every tweet, every video was becoming a rage and surely the footprints were significantly made. This was along with the number of rallies that he attended and the amount of media coverage each of his rallies got. It was 5800 mass rallies and 1300 3-D rallies across the length and the breadth of the country.

The country was yearning for a "Change via Better Governance". Brand Modi in the way they campaigned was now being seen as the agents of change, of hope and of transformation. It was this deep need of the entire vote bank which was very beautifully captured and that resulted in people connecting to Brand Modi's Pursuit of Power.

Whether a stud in posh locality of Delhi or a random vegetable vendor in Varnasi, they all began to see Brand Modi as the change they wished for. This was a very unique brand which struck a chord with everyone. Another unique characteristic of Brand Modi was he potrayed his pursuit of Power as a struggle of a common man trying to bring some constructive change. Even much before his final lap to the zenith of power Modi had displayed instances of true leadership by accommodating people in his berth and sleeping on the floor himself during a train journey. His altruism was depicted in these small yet valuable gestures which resulted in more and more people getting drawn to him. And according to a survey by TNS Global, this fact was substantiated when the Irresistibility Quotient(IQ) of Brand Modi was found to be very high.

As the election campaign progressed people began to perceive it to be a “Presidential” election as only the potential PM candidates of different parties were debated via their merits and demerits. However as we discuss about the Brand, the product at the core was good, efficient and promising and not just the PR strategy as believed by his critics. The Gujarat Model and the functioning of the state struck a cord with the vote bank. People wanted Growth, Change, Good Governance and Brand Modi was all about it.

As the clock ticked the top strategist Rajnath Singh and Amit Shah were consolidating the vote bank as Brand Modi added another feather to its cap "Chai pe Charcha". People were drawn to their TV; live Youtube videos was made possible and yes the live question answer were a way to know their Brand and his views on different issues.

As the election campaign was on its fag end and exit poll results started flooding in, the writing was pretty much on the wall. May 16th was the day which not only witnessed some historic results but Brand Modi proved all the critics wrong. People knowingly or unknowingly voted for this Brand, the brand that survived the change by being the change and creating a transition in Indian politics where the future of coalition politics will soon be questioned.

As the results flashed on TV screens on May 16th, the team that created this Brand Modi silently observed "Bola tha aap sabko baar baar, Lo banadi humney Modi Sarkar".

The above article has been written with the contribution of Margene- The Marketing club of NMIMS Bangalore

About Margene:
MarGene, which stands for Marketing in our Genes, has a sole purpose of propagating the essence of marketing & its elements among the student community of NMIMS Bangalore and other B-Schools. To propel the same ideology it hosts an annual Pan-India competition based on real world marketing problems, conducts consistently innovative intra-collegiate competitions and holds an active social media page with regular updates from the latest in the marketing world.

Taking this forward, MarGene decided to pick up current developments and review the same through their marketing lens. This article is an attempt to highlight the use of marketing and its elements in a situation, either to solve or substantiate the same.

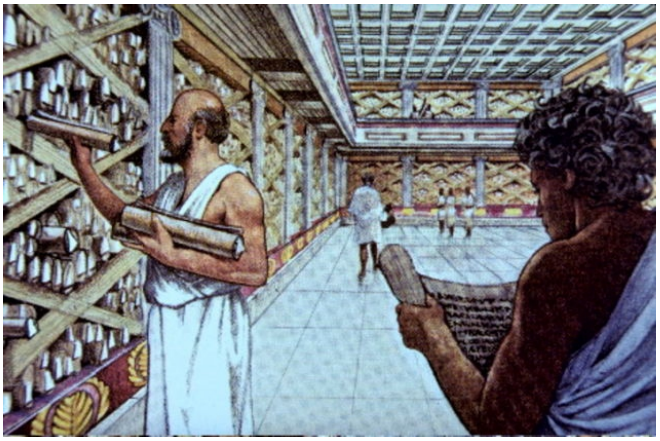
MARGENE
Marketing in our Genes

Digitally Limited

Shreya Banerjee

I happened to overhear my ten-year old cousin talking to a couple of his classmates about a grammar class project. They were supposed to prepare five slides on tenses and their types. This wasn't all that surprising. But when one of the little boys said, “We'll find plenty of presentations on Google”, I began to wonder on the absolute marvel that is the Digital Age.

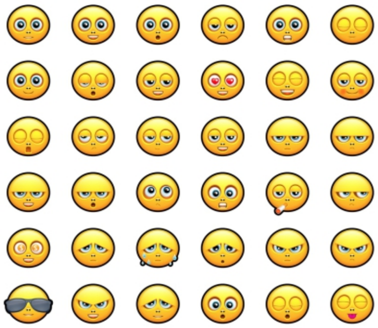
From how to kiss to how a jet engine works, how to make chapattis to nuclear physics, and the art of subtle make up to how to recover data from a computer that has crashed; there isn't a shred of information that Google Uncle or Internet Aunty cannot provide you with. They're the ones you turn to when you want to watch the latest movie trailer, they're the ones you confer with to pay your phone or electricity bill, and they're the ones to consult when you don't even know the meaning of a word! They have also begun to help you shop without actually going to the store. And if you wish to crawl out of bed, make yourself presentable and go to the store anyway but have no idea about where it exactly is, they'll give you driving or walking directions. Does it get any better than this?



Libraries and archiveswere always considered sacred; the Royal Library of Alexandria in Egypt is supposed to have been one of the Seven Wonders of the Ancient World. Such was its legacy and reputation of academic excellence, that long after its destruction a present day library continues in its place to pay homage. However, today's libraries are akin to historical monuments; there are very few people who will visit because they are genuinely interested in books and traditional methods of gaining knowledge. Dictionaries are a thing of the past- there was a time when children were encouraged to go through them because it increased their vocabulary and fluency in language. A lexicon by Oxford had supreme standing, if you'd read it from there you had to be right. You ask someone to refer to one now; all you'll get is an incredulous look.

Gone are the days when physical models and colourful chart papers constituted class assignments. Today's homework duties are Excel sheets and Power point slide shows with facts, figures and even the design of pages taken off the Web. It is astounding to see that a kid with all the right motor and cognitive skills refuses to walk down two floors to a reference room, but has no qualms about mechanically typing in questions on his “smart” phone to get answers which are usually lesser in detail and quality as to what he will get in the former. It is no less than a disease; youngsters today are addicted to

getting things done straight away. They're completely unfamiliar with the concept of taking time to research and think about what they're looking for and why they're doing so. Their phones are certainly “smart”, but what of their own selves? How much of their individual brain and skills are they using for their individual work?



We have started to live in constant terror- we're terrified of making mistakes and meeting others with interests even slightly different than our own, so we use online dating and networking sites. We have no concept of memory anymore; whatever we need to know is merely a click away- so why rely on something as mundane as memory? We are rude; we don't have the decency to put away our phones even when we're meant to be spending quality time with family or friends. Doctors and hospitals are making money hand over fist; we magnify the simplest of symptoms into the preliminary stage of a dreadful illness by hurriedly reading up on Wikipedia and fill up their waiting rooms. We have lost the ability to think for ourselves, to be creative and to see beyond the very obvious.

Yes, technology is beautiful. It has brought us this far and accomplished a great deal. Yes, change is the law of nature and when it comes along, we're meant to go with it and incorporate it into our lives. But it doesn't have to be in a way that takes away the will to pursue knowledge in the true sense, the curiosity to come up with new ways to gain it, and the satisfaction one gets when one receives it. Everything is available to us at the touch of a button. Does that have to imply a population of humans turning into robots that simply push it?In a time when we read emoticons more than real faces, it is hard to fathom the splendour in doing things in the manner they're meant to be. But it isn't so hard to value and cherish what was, and not give up on it without trying holding on.

The world is moving; and moving fast. We have all come to terms with this. Let's also try and face the fact that working on a project or looking for information isn't a mechanical process. It's meant to teach us, give us something to take back and possibly use in the future. It really needn't be as cut and dried as clicking, copying, pasting and forgetting.

> *“I love books. I'm giving some hard copies away because I think there's something so brilliant about them. The digitisation trend is the future but people will still want the feel and smell of real books”.*
>
> **Elizabeth Amisu**

> *“We consume information, but we can't read. We forgot how to sit down and engage the dense layers of a text. We are so busy devouring information that we forgot how to dance with ideas. We confuse linguistic bits of data for knowledge and ideas”.*
>
> **R.F. Georgy**

Brazil's pursuit for development

A case gone wrong

Harsimran Singh

It is ironical how a global event shifts the limelight to one country, but sadly ends up showcasing the inherent problems it faces. The country in focus this time is Brazil. A country which boasts itself of huge natural resources, enormous potential in tourism and not to forget their wizardry in football has unfortunately produced underwhelming results in the recent past. While the Brazilian national football team tried hard, but in vain, to put smiles on the faces of people of Brazil, the fact remains that the country needs much more elaborate efforts than some classy goals to solve the current slippery situation it finds itself in.

If you are wondering what is wrong! , well then time to look at some numbers and unearth some problems beneath. The GDP growth of 7.5% had decelerated to 2.7% in 2011 and stood at 2.3% for the year 2013. The country had a credit rating downgrade (from BBB to BBB-) on 24th March 2014 from Standard & Poor, the latter quoting sluggish growth and spike in fiscal deficit as the primary reasons for the downgrade. Indeed! Brazil was one of the last ones to enter and one of the first ones to come out of the 2008 subprime crisis. When GDP growth hit 7.5 percent in 2010, it seemed that finally the "sleeping giant" was wide awake. So what were the factors which acted as roadblocks to the once seeming unstoppable pursuit? Let us delve a bit more!

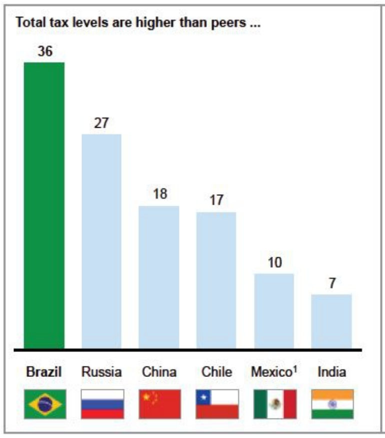


Exhibit 1

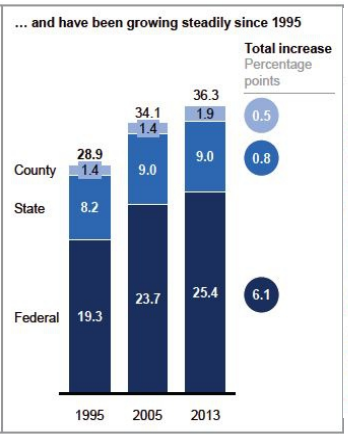
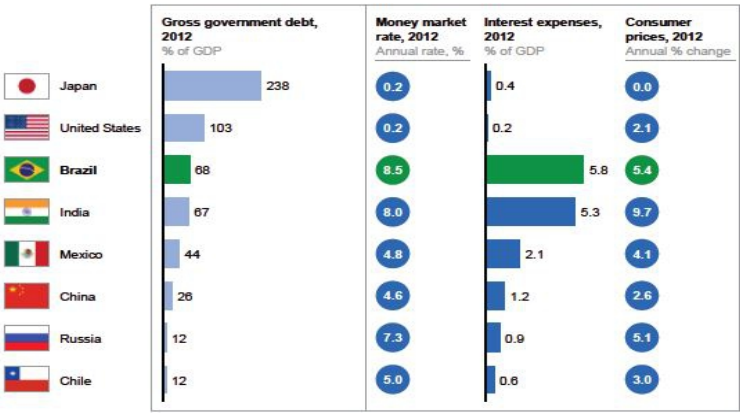


Exhibit 2



Fiscal Dilemmas: Country's fiscal policy is experiencing the downside of sluggish growth in the present scenario. As, we know Fiscal Deficit is the excess of government revenues and government expenditure. Running a reasonable deficit is justified upto the extent of whatever government is spending is being churned out constructively in terms of growth and inclusive development. The current level of fiscal deficit is 3.40% of GDP, government being high budget deficit. The combination of high deficit plus sluggish growth is a problem worth giving attention.

The weapons that a government can have in countering fiscal deficit are increase in tax levels and issuing additional debt to bridge the gap. The first weapon gets defused in this case because of the already peaked up tax rates. If we see Exhibit 1, Brazil's tax rates reach about 36% of GDP, staggeringly high when compared to its other emerging peers.

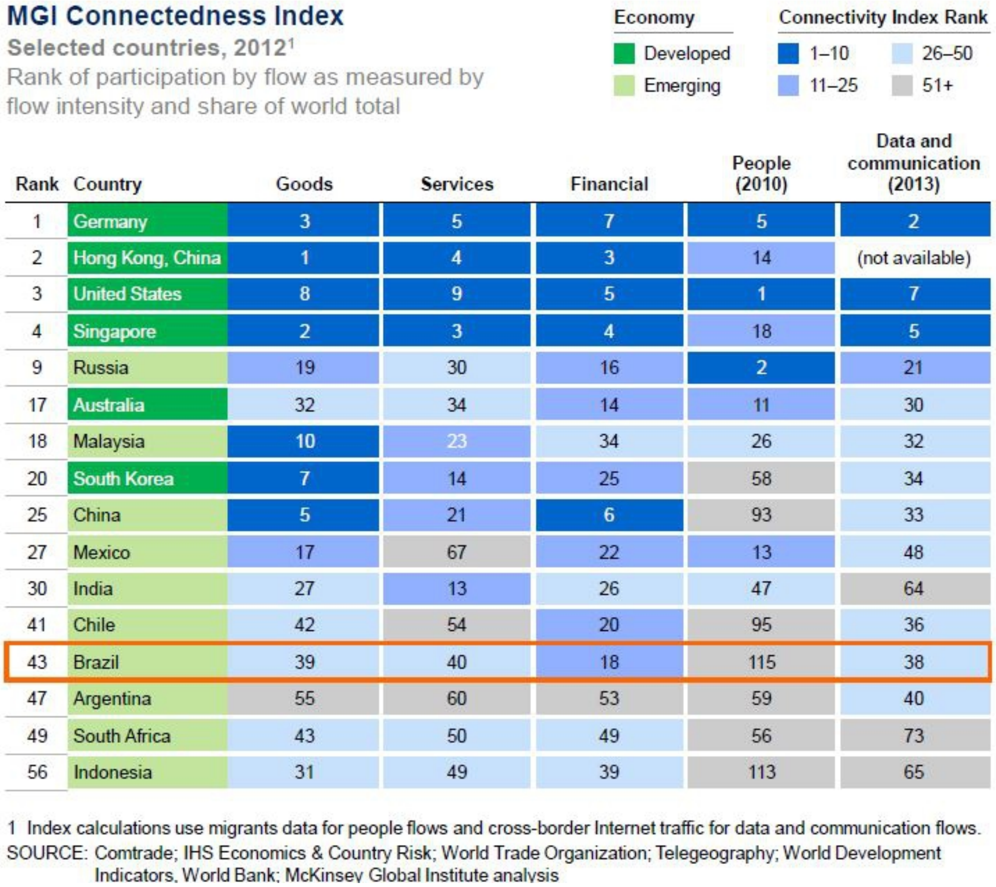
Then how about the other option of issuing additional debt? Exhibit 2 demands your immediate attention. Although, the government debt is lower than that of other developed economies, cost of servicing of debt is huge, limiting government's options with respect to debt. The option of reducing government expenditure to control fiscal deficit is a measure which does work (as in case of India) but it in a way compromises on growth. And with Brazil already down on the growth frontier and upcoming elections in October, a fiscal exercise of a cut in government expenditure is not on the cards as of now. ***Impact of this is nothing but a constraint on capacity for an expansion of public spending to fuel Brazil's growth.***

Savings, Inflation and Interest Rate:

A close look at the above will give you some key points about the consumers in Brazil. It is essentially a consumption driven economy which is also credit-fuelled. Consumption was the key to much of Brazil's recent growth, and it has largely been fueled by rising debt and windfall gains from the commodities boom. But this formula is unlikely to sustain future growth and allow Brazil to reach the next level of economic development. For the middle class to make real income gains, Brazil has to expand the productive capacity of the economy by investing more of its current income in infrastructure, machinery, and skills. And for that savings have to significantly improve. Comparing the savings rate (as a percentage of GDP) of Brazil with other BRICS countries for recent years, Brazil ranks poorly. Because of lack of savings, it leads to ineffective economic cycle and fundamentally weak setup.

Further a look at the inflation and interest rate graph gives key insights. Following July 2012 inflation really spiked up causing major imbalance, but we can see following January 2013, BACEN-Central Bank Of Brazil using SELIC rate (interest rate for Brazil) as a measure to control inflation. The impact of that is visible as with gradual increase in SELIC rate, the inflation rate came down, but that in the end has made borrowing costly. Hence, a low rate of Savings to GDP combined with stubborn inflation lands the economy as whole on a slippery ground.

Global Connectedness: When we talk about connectedness, a gambit of things comes under it. Let us look at a holistic picture before going in details. Brazil ranks 43rd among 131 countries in MGI Connectedness Index (Mckinsey Global Institute), which measures a country's connectedness on 5 parameters and ranks accordingly, the parameters being Goods, Services, Financial, People and Data & Communication.



MGI Connectedness Index

Selected countries, 2012[1]

Rank of participation by flow as measured by flow intensity and share of world total

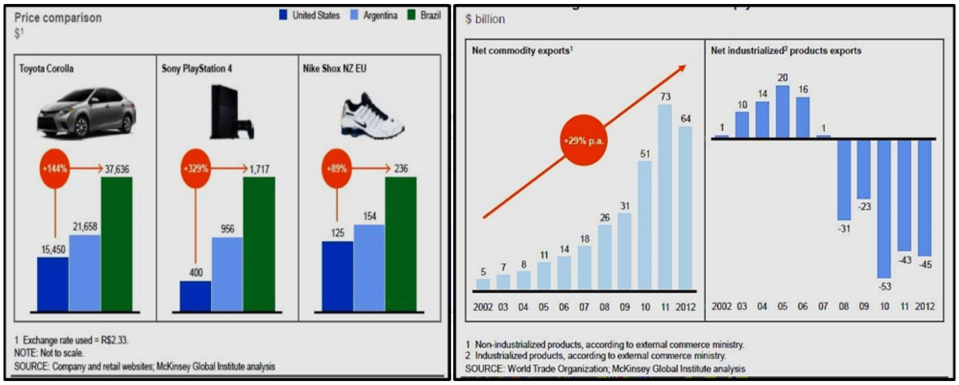
Economy	Connectivity Index Rank
Developed	1–10
Emerging	11–25
	26–50
	51+

Rank	Country	Goods	Services	Financial	People (2010)	Data and communication (2013)
1	Germany	3	5	7	5	2
2	Hong Kong, China	1	4	3	14	(not available)
3	United States	8	9	5	1	7
4	Singapore	2	3	4	18	5
9	Russia	19	30	16	2	21
17	Australia	32	34	14	11	30
18	Malaysia	10	23	34	26	32
20	South Korea	7	14	25	58	34
25	China	5	21	6	93	33
27	Mexico	17	67	22	13	48
30	India	27	13	26	47	64
41	Chile	42	54	20	95	36
43	Brazil	39	40	18	115	38
47	Argentina	55	60	53	59	40
49	South Africa	43	50	49	56	73
56	Indonesia	31	49	39	113	65

1 Index calculations use migrants data for people flows and cross-border Internet traffic for data and communication flows.

SOURCE: Comtrade; IHS Economics & Country Risk; World Trade Organization; Telegeography; World Development Indicators, World Bank; McKinsey Global Institute analysis

It places below other major emerging economies such as India, China, Russia, and Mexico. High Tariff rates in the domestic setup are acting as a barrier to international competition. The manufacturing and industry has to function at certain capacity to enjoy economies of scale and produce at a cheaper cost. Hence, higher costs are limiting the export options. Majority of the exports as you will find in analysis below are resource oriented. The country has not been able to capture significant market share across a variety of non-resource products and has been unable to fully integrate itself into global production chains. To drive down this point, have a look at Exhibit 3 given below.



1 Exchange rate used = R$2.33.
NOTE: Not to scale.
SOURCE: Company and retail websites; McKinsey Global Institute analysis

1 Non-industrialized products, according to external commerce ministry.
2 Industrialized products, according to external commerce ministry.
SOURCE: World Trade Organization; McKinsey Global Institute analysis

Exhibit 3

We can distinctly observe here that a Brazilian consumer will have to pay 144% more than a US consumer to buy a new Toyota Corolla Car, despite it being produced domestically, one of the major reasons being significantly high Tariff Rates. Also, while the percentage of net commodity exports (Iron Ore etc.) has increased by 29%, its exports of manufactured goods have declined sharply since 2005. The reason is that the country has been increasingly relying on exports of raw primary goods rather than moving up the value chain with exports of more sophisticated products. As the commodities boom caused real to appreciate sharply, Brazilian goods have become even less cost-competitive in global markets.

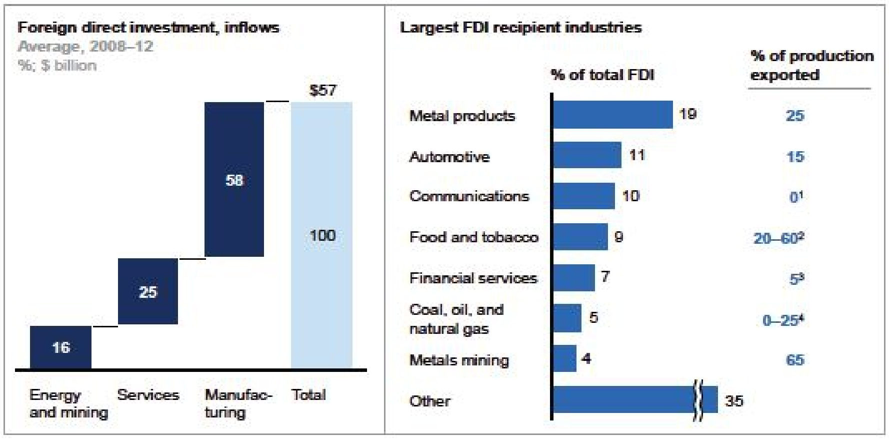


Exhibit 4

While its trade ties with Mercosur which is an economic and political agreement among Argentina, Paraguay, Uruguay and Venezuela, have strengthened significantly, Brazil has to increase its global lucrativeness by catering to the above mentioned issues. Mercosur has become the third largest integrated market with 20% of overall Brazilian trade happening with Mercosur countries.

Foreign Direct Investments: FDI is one area which has been a big positive for Brazil over the years. It ranks seventh among all countries in attracting FDI, with an annual average of some $57 billion inflows from 2008 to 2012. It is these capital flows which come to rescue in financing the current account deficit over the past years. Investment has flowed into commodity sectors such as mining and oil, but the lion's share has gone to manufacturing for Brazil's domestic market.

FDI has brought in new technologies, innovation, and best practices developed in other countries. Multinationals can be important catalysts for productivity growth and global expansion among their local suppliers. Brazil can build on its current base to attract additional competitive manufacturing and service firms. However, there is one important thing which Brazil has not been able to take care of.

With the exception of metal products, which are resource intensive, these FDI inflows into manufacturing have not translated into significant exports in the same sectors and thus cannot necessarily be interpreted as an indication of strong global competitiveness. Due to the lower productivity levels and high tariff rates, even the expertise in functioning by multinationals have not been able to make the prices competitive, thus lesser export levels (See Exhibit 4). Hence, there is a scope of leveraging on foreign interest and using it for developing skilled labour, increasing productivity and promoting innovation with an objective of overall cost effectiveness to make the products globally competitive.

Policy Choices: Were the choices of hosting FIFA world cup and Olympics 2016 the smart ones?
For a country with a dire need of attention towards education, healthcare and infrastructure, did a decision of hosting these high profile and ultra-demanding events make sense?

There are multiple opinions on this issue with merits on either side. Touting the world cup example, critics warn that events like these might end up being a public-spending debacle that kills any good PR that Brazil was expecting. Proponents of the Cup tout the expected economic benefits, while critics highlight the risks of

Were the choices of hosting FIFA world cup and Olympics 2016 the smart ones? For a country with a dire need of attention towards education, healthcare and infrastructure, did a decision of hosting these high profile and ultra-demanding events make sense?

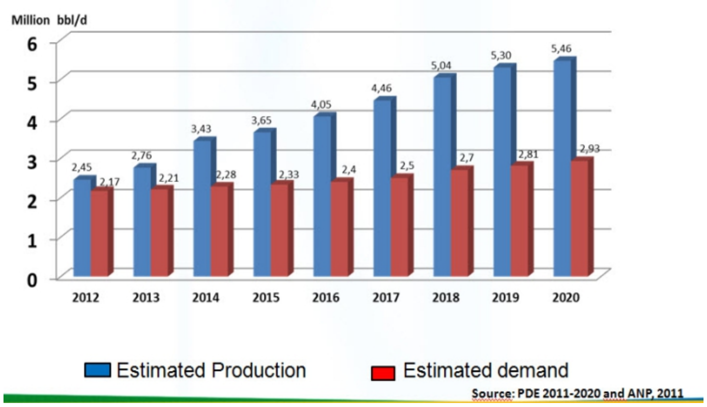
There are multiple opinions on this issue with merits on either side. Touting the world cup example, critics warn that events like these might end up being a public-spending debacle that kills any good PR that Brazil was expecting. Proponents of the Cup tout the expected economic benefits, while critics highlight the risks of empty stadiums after the event was famously termed as 'White Elephants'. The lack of any concrete business model for the huge football stadiums after the World Cup blemishes the infrastructure efforts made during event. Hence, it puts a question mark on the Olympics 2016 efforts especially taking into consideration the growing discontent among the people of Brazil over such trade-offs. Is organizing such big events when the country is grappling with fundamental issues a fair choice? Or such events can turn to be a trigger to further development? Answers to these questions cannot be given confidently as of now but one thing is for sure, Economization of White Elephants and creating a constructive value out of those will be a major challenge for the country. When Rio bid for the rights, it presented a $14.4-billion budget to the International Olympic Committee, just a touch higher than the combined budgets for the three other finalists but grave cause for concern is that every Olympics in modern history has overshot its budget by a wide margin, which is exactly what Brazil can ill-afford to do.

Way Forward???

Is Brazil now a case of derailed pursuit beyond repair? What exactly is the panacea for the issues it faces? Following are certain measures which Brazil has to pay attention to, for bringing its pursuit back on track.

Capitalizing on their biggest potential asset-Oil and Gas Reserves:

Oil and Gas exploration and production is one area which provides a remarkable opportunity for Brazil. It is currently 12th in oil production but the success rate of exploration is 80-90% and in the time to come with increased investment in this sector and more sophisticated technology, the estimated figures are huge



Source: PDE 2011-2020 and ANP, 2011

- ❖ Focus on creating sustainable business models which are not short term oriented. The country has to start focusing on incentivizing their manufacturing sector by making constructive use of their vast natural resources and commodities rather than just earning by exporting raw commodities.

- ❖ Shifting focus of economic development to domestic investment by promoting savings

- ❖ Reorient the trade policy keeping in mind the long term perspective and with a special focus on reducing the cost of production by innovation and optimization. Reducing tariff rates is another option. But the government has to find another stream of revenue to make up for that loss.

- ❖ Build 21st-century infrastructure that integrates Brazil's economy and connects it to the world.

- ❖ Improve competitiveness by lowering the “Brazil cost”- the increased operational costs associated with doing business in Brazil. Brazil could also benefit from revisiting its tax structure— not only to reconsider taxation levels through the lens of global competition but also to simplify its convoluted, multilayered tax code. Gradually removing steep import tariffs on certain products (such as auto parts and vehicles) could allow Brazil to find new growth markets for its products.

- Make public sector more productive. When Brazilians took to the streets in the summer of 2013, they were expressing widespread frustration with the poor quality of public services they receive in return for their taxes. One critical step toward achieving that is implementing more robust and flexible systems for managing government workers at all levels.

- Focus on skilled labour which is a huge shortage in the country. Brazil needs a skilled and productive workforce that can continuously deliver products that keep pace with a fast-changing marketplace and incorporate the latest generations of technology. A greater emphasis on developing human capital would have the double benefit of making Brazil's industries more competitive while also creating better career pathways and widening economic opportunity for all Brazilians.

Few years before, during the presidential regime of Lula Da Silva, poverty was one of the biggest challenges that the country faced. It was at that moment when the government came up with *Bolsa Familia Programme,* one of the flagship social welfare programmes of Brazilian government. The scheme offers cash assistance to poor families if their children are vaccinated and attending school. Today it reaches some 14 million families, or approximately 50 million people. Its impact has been dramatic: World Bank data show that the share of Brazil's population living on less than $2 per day has been nearly cut in half, falling from 20.6 percent in 2003 to 10.8 percent in 2012. One report found that every real invested in Bolsa Familia generated 1.78 reals in economic growth. Income inequality declined, with the country's Gini index decreasing, from 0.59 in 2002 to 0.52 in 2012 with the result now that poverty has been reduced to few concentrated areas.

The point that I want to drive is that history has thrown enough challenges be it the extreme hyperinflation in the 90's or poverty issues the country had, but Brazil has been able to find a way to tackle them so far. This time too, the situation calls for radical measures by one of the leading developing countries as it cannot afford to lag behind considering the dynamic environment and time it finds itself in. And with the coming elections in October, whichever government comes in, the hope is that the derailed pursuit finds itself back on track with a bang.

Boa Sorte Brazil!

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There's this thing about Pursuit...

Rishabh Mehta
Chitra Batra

Pursuit
One word; different meanings to suit
Some came through
Others hit the blue
There's this thing about pursuit; it's as ravishing
as brute.

A certain tea-man just accomplished his
Rising up to power and hitting the bliss.
Then there was the cap (e) man with the
people's broom
No, not in this democracy is there enough room.
As the powers shifted, so did the corporate
Sensex is holding roses looking for a lovely date.

Pursuit
One word; different meanings to suit
Some came through
Others hit the blue
There's this thing about pursuit;
it's as ravishing as brute.

Some 60 odd years ago
The man with the stick had his go.
His pursuit- started with the salt law
And ended how- well we all know.
There were also these young men
Too ruffled by the brutalities then.
Smiling, laughing they kissed the rope
For their blood was hot and hopes all new.
Bhagat Singh, Sukhdev, Rajguru

Pursuit
These days it takes meanings new
Some conventional; some out of the blue
Turn on your TVs- watch the news
It's less of news and more spit spew.
Every day some scam worth crores and few
Now that's one hell of a pursuit to brew.

People, they lie,Laws, they defy
Rights, they deny
And humanitarians, they cry
The scribs, they pry,
The wars, to apply
Black money, oh the supply
Millions every day die,
Years, they fly
Hopes, built up high
And then left to die,
And all this, why?

All good and bad comes in armor- a suite
All boils down to this one word- pursuit.
Of riches of fame
Of powers and the game
Of dreams of heavens
Of Satan and his frames
Of reasons good and bad
Of excuses relevant and lame.

Pursuit
One word; different meanings to suit
Some came through
Others hit the blue
There's this thing about pursuit; it's as ravishing
as brute.

Differentiated Banking License

Ashmita Nagpal
Ramakrishna Matli

Introduction

The Indian financial sector reform process which began in the early 1990s has resulted in the creation of a healthy and competitive financial system in the country. With further deepening of the financial sector in the Indian economy, banks are seen shifting their role from being all service providers to providers of niche services in areas of their choice. Considering the fact that banks catering to retail customers essentially have different risk profiles and skill sets from those catering to corporate clients, this kind of a shift makes a lot of sense. Keeping these in mind, RBI has come out with guidelines for the issue of differentiated bank licenses. A differentiated bank license, unlike the universal bank license, provides banks with the flexibility to offer services in particular verticals like mortgage banking, project finance etc. As per the current practice in India, universal bank licenses are provided to both domestic and foreign banks.

Existing Structure of Banking and Financial Services in India

Full-fledged commercial banks: Around 75% of the assets are under the control of the public sector, the private sector handles 18% and the rest is under the control of foreign banks. Regional rural banks: They are supported by the public sector banks. They basically focus on providing banking services in rural sectors where there is not much presence of large commercial banks.

NBFCs: They act as supplements to the big commercial banking firms and provide services similar to them. They are not subject to regulations from RBI.

Microfinance Institutes: They are lenders of funds of very small magnitude.

Infrastructure Lenders: IDFC handles the financing of infrastructure gaps.

Other Specialized Lenders: NABARD, SIDBI etc. are institutes which finance niche segments and cater to a limited audience.

Proposed Categories of Banks

The latest RBI guidelines have proposed issue of bank licenses for two categories of banks i.e. small banks and payment banks. Both these categories have been established keeping in mind the common goal of promoting financial inclusion. Small banks will provide the entire range of services including loans and deposits while functioning in a limited operational area. Payment banks will offer services like accepting demand deposits and fund remittance while operating in a wide network with focus on remote areas. They will extensively use technology to add value while lowering costs.

However, both these categories have some common features which include requirement of minimum paid up capital of Rs.100 crore, initial contribution of the promoter to be at least 40% with a lock-in period of five years which has to be brought down to 30% in 10 years and 26% in 12 years from the date of the bank's commencement. In order to be eligible for the license, the promoters need to have a good track record of running their business for at least five years.

As per RBI's draft guidelines, non-banking finance companies, mobile telephone operators, non-bank prepaid instrument issuers, co-operatives and super markets are among the entities which are eligible for starting payment banks. Small banks can be started by individuals with an experience of 10 years in the field of banking and finance, non-banking finance companies, local area banks and micro finance institutions.

Andhra Bank
AXIS BANK
बैंक ऑफ बड़ौदा Bank of Baroda
बैंक ऑफ इंडिया Bank of India
HDFC BANK
ICICI Bank
IDBI BANK
IndusInd Bank
ING Vysya BANK
Indian Overseas Bank
kotak Kotak Mahindra Bank
ORIENTAL BANK OF COMMERCE
State Bank of Hyderabad
State Bank of Indore
State Bank of Mysore
State Bank of Travancore
punjab national bank
THE BANK OF RAJASTHAN
भारतीय स्टेट बैंक State Bank of India
SOUTH INDIAN Bank
केनरा बैंक Canara Bank
citibank
J&K Bank
Karnataka Bank
Union Bank of India
विजया बैंक VIJAYA BANK
YES BANK
सिंडिकेटबैंक SyndicateBank

Differences between NBFCs, Other Financial Institutions and Differentiated Banks

India has many financial institutions apart from banks which include NBFCs, investment banks, NABARD etc. In spite of that RBI is planning to roll out differentiated bank licenses. The major point of differences between the financial institutions and differentiated banks are:

- Differentiated banks can access public deposits whereas finance firms are banned from doing so.
- Differentiated banks, like other banking entities are subject to regulations like CRR, SLR etc. from the RBI whereas other financial firms are not.
- Differentiated banks have access to unlimited low-cost funding from the central bank while other financial firms don't have that facility.

Why is the Differentiated Banking Sector Attractive to Applicants?

India is one of the largest and fastest growing economies in the world. The banking sector has huge growth potential and is projected to become the fifth largest sector by 2020. Banking credits are projected to grow at the rate of 17% CAGR which will lead to an increase in credit availability. All these are positive indicators of likely business opportunities for applicants.

Required Approach from the Applicants

As of now the applicants have been diverse entities comprising mostly NBFCs which are ambitious to transform into banks. Their successful transformation will require strong management and development of the ability to handle unforeseen risks. They have to shed their reputation of being mirror images of established commercial banks and learn to harness their esoteric knowledge in the niche segments they handle. They have to develop good customer service practices. They have to focus on filling the gaps which big commercial banks have neglected and create different operating models which will have more customer focus.

The differentiated banks have to develop cost-effective operating models and also ties with financial institutions which have good local knowledge and governance control.

Role of Regulators

The success of differentiated licensing will also depend on how efficiently RBI can overcome the challenges faced in the implementation of this model. It will have to ensure that systemic stability is maintained despite the presence of different banks and that there is no scope of indulging in regulatory arbitrage by any bank. This is particularly important since the existing norms cannot be uniformly applied once different kinds of banks come into existence.

Advantages of Differentiated Licensing

- The flexibility to provide specialized services will help in identification of core competencies which when harnessed will lead to enhancement of productivity. This includes a reduction in intermediation cost and achievement of better price discovery.
- It will help in addressing issues related to conflict of interest which normally arise when multiple functions are being performed by the bank.
- It will lead to better utilization of scarce resources and specific expertise in areas like risk assessment and infrastructure financing.

Issues with Differentiated Licensing

- Due to the adoption of a narrow business model, the specialized banks may be vulnerableto concentration risks.
- A universal bank has the option to cross subsidize across the different sectors in which it operates which leads to optimum resource utilization and provides better profitability. On the other hand, the specialized banks do not have this advantage.

International Experience with Differentiating Licensing

The differentiated licensing model is being globally practiced by a few countries like Australia, USA, Singapore, Indonesia and London. Typically, these countries have an open economy with a large financial sector in terms of their GDP contribution. Some countries even issue different licenses for savings banks, commercial banking, rural banks and credit unions.

Challenges

Introduction of differentiated banking might not be as effective as projected because almost 40% of India's population is still financially excluded. The payment banks will not achieve the targeted financial inclusion as they will not provide credit facilities. Like any other commercial bank, they will also have to meet reserve requirements and their returns may not be attractive as they are mandated to park their deposits in government securities. Looking at the business model of payment banks they may not be able to attract many serious promoters. They might also face stiff competition from the existing regular banks. Small banks, on the other hand, bear a close resemblance to existing local area banks which were first launched in 1996 but did not attract many applicants.

The multitude of banking and other financial institutions existing in the Indian context have specialized in dealing with niche segments' financial requirements. They are present in almost all the verticals of businesses. So the differentiated banking sector might not provide new dimensions for financial activities. It might also lead to introduction of risks in the form of giving niche players access to unlimited low cost funds. All these possibilities point towards the roadblocks and cautions in implanting differentiated banking services.

Conclusion

Though differentiated banks are a way to enhance availability of financial services to niche segments and the financially excluded section, they face a number of challenges in terms of proper administration, complex regulations and norms to be set by the RBI as well as competition with the existing financial firms which already have a deep understanding of the niche segments. It might even confuse borrowers and increase complication as different institutions have to be approached for different needs. It also entails the risk of giving access to unlimited low cost funds to the niche players who might not use them judiciously. Thus, a completely differentiated bank format might not give a rosy picture which encompasses the required levels of financial inclusion, as it will not allow them to lend credit, or an effective risk management system. Therefore, it may be prudent to roll out a system wherein all the differentiated banks provide a few common and minimum services, until a robust system has been established.

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Structural reforms in India

Are we there yet?

Aritri Pal
Shivam Gupta

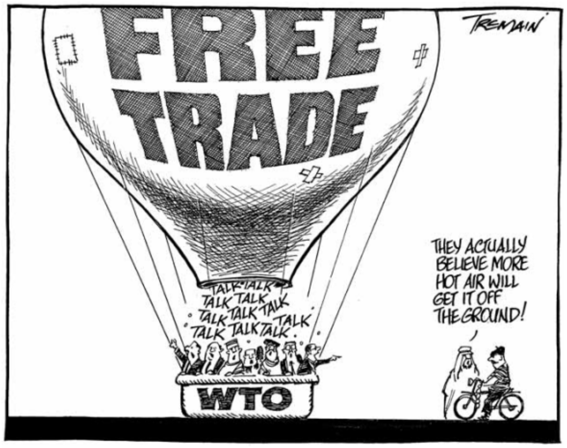
"Reform" in India is a much hyped word. Whenever there are elections or a political party needs leverage, the word comes into play and is used incessantly in campaigns to imply two things -- that the incumbent party is not implementing reforms which is the vital reason for our reduced growth or all other malaise, and that the contesting party will implement all the necessary reforms to put the country back on the track to progress. They also portray that structural reforms are the ultimate panacea for all evil. Let's dig a little further to see whether this is a myth or a fact!

A reform basically means a change, usually for the better but structural reforms are more like a bunch of pre-conditions or clauses for getting a loan. Hence they are also known as structural adjustments. After the Second World War, the Bretton Woods system was formed to regulate the international monetary system. For this purpose it created two institutions – the World Bank and the International Monetary Fund. After the massive casualties of the war, many Third World nations or Least Developed Countries (LDC) were in deep financial crises. At this time, these two institutions offered to provide loans provided they could implement certain macroeconomic policies put forth by their noted economists. These policies or conditioning came into existence in the 1950s and later came to be known as structural reforms.

The IMF and World Bank stated that for an economy to grow efficiently and improve its financial standing, all or some of the proposed reforms are necessary. Hence they mandated for the weaker nations to comply with the policies as a prerequisite for obtaining a loan. These policies were trade liberalisation, fiscal austerity, balance of budgets, privatisation, de-regulation of prices, encouragement of investments, elimination of corruption and subsidy systems, devaluation of currency, restructure of foreign debts and improvement of growth through better governance. Reduction of poverty has also been added as an element of structural adjustment in the recent past. All these policies, though appearing to be salubrious, have their own ill effects along with the claimed benefits. Furthermore, the nations are heavily penalised by the IMF if these policies are not adhered to.

EXPENDITURES
REVENUE

Trade liberalisation refers to free market conditions, without tariffs and trade barriers. This opens up the economy to foreign investment via policies like Foreign Direct Investments (FDI) and Foreign Institutional Investments (FII). Consequently, a weak economy gets a large influx of money which can be utilized for infrastructure development, growth and economic prosperity. But the domestic market players suffer because of massive competition with multi-national corporations and global conglomerates, which due to their strong financial backing, tend to weed out the weaker competitors. Free trade also hampers diversification of developing nations, which are usually more adept at exporting raw materials and agricultural goods. This hardly encourages the growth of domestic industry. Moreover, the developed nations implement tariffs on their exported goods and import the same from developing nations citing free trade.


FREE TRADE
TREMAIN
TALK TALK TALK TALK TALK TALK TALK TALK TALK TALK TALK
WTO
THEY ACTUALLY BELIEVE MORE HOT AIR WILL GET IT OFF THE GROUND!

IMF insists on fiscal austerity to maintain balanced government budgets. This is achieved by slashing unwanted government spending and by increasing tax revenue, either by higher taxes or a larger tax collection base (with relatively lower tax rate). In the long term, this helps a country reduce budget deficit and become financially independent. But the critics argue (and it was also seen in the UPA rule in India for the last decade) that the governments usually curtail necessary expenses and welfare spending to maintain fiscal austerity. Areas like public health, education and capital expenditure suffer the most when reduction of budget deficit becomes unavoidable. Also, taming the inflation beast along with fiscal austerity more often than not leads to unemployment and slower growth. (India at present is going through this slow growth phase, while the RBI is adopting stringent control measures to reduce high inflation rates).

“Privatisation is a necessary evil” – this is a well-known line. On increasing privatisation in an economy, profit orientation becomes the object of the society. It often creates uneven wealth distribution as only a few people, who run private businesses, make huge profits while the nation as a whole does not get any significant monetary benefits. This was seen in Russia in 1995. Besides, on privatising public utilities, it often leads to increase in prices of essential commodities. This creates impoverishment of the society as a whole, which cannot forego these commodities, and so buy them at higher prices. In 1997 the World Bank directed Bolivia to privatise its water supply and sanitation services so as to retain the state loans given by it. But this strategy completely backfired. In comparison to the increase in water access and supply provisions, it led to a much higher growth in the poverty level by nearly 2%. Following this, there were severe uprisings in Bolivia, which ultimately led to the scrapping of the procedure. Yet there are countries like Brazil, Canada, Chile, India, Iran, Iraq and others who have benefited from privatisation. It leads to better utilization of resources, reduced wastage and improved efficiency. Privatisation of state resources brings in much needed investments and reduces government expenditure.

Deregulation of prices means removing price controls implemented by the government to keep prices of different commodities at lower, affordable rates for the common public. The brunt of the reduced costs is usually borne by the government. IMF calls for removing these internalised price control methods and eliminating state subsidies to make the economy globally competitive. According to them, food prices and public welfare should be increased gradually to meet their actual costs and reduce the burden of subsidies on the nation. At present India provides subsidies mainly for food, fertilizers and fuel, which costs the government very dearly.

Devaluation of currency and restructuring of foreign debt are also important strategy measures. Here the developing nations are instructed to keep their currencies under-valued compared to other global currencies so that their exports can be cheaper and more competitive in the internationally. China had benefited largely by the currency manipulation and devaluation of the Yuan in its recent past. Furthermore, devaluation also discourages exports of goods and services which become expensive. Hence this is an effective measure to reduce fiscal deficit as exports flourish while imports are restrained.

PRIVATE
PUBLIC

Restructuring of debt is usually the last resort for a nation. Restricted cash flow and financial distress typically force a country into restructuring its debts to maintain liquidity and prevent the economy from crashing or going bankrupt. When a nation defaults on its debts and cannot generate sufficient revenue to repay them, then it renegotiates its debt terms and conditions, wherein, it bargains for a longer repayment period, a lesser interest rate, a lesser repayment amount and the likes to survive the monetary crisis. Argentine has its first debt restructuring in 2005, followed by another in 2010 and even now in 2014, it is going through a debt defaulting scenario due to the holdout problem.

Almost all third world nations are rife with corruption. Even China, which is climbing the development ladder faster than any other Least Developed Country, ranks 80 out of the 177 nations in the Corruption Perceptions Index of 2013, while India ranks 94. Hence elimination of corruption is of primary importance in these debt-ridden nations. But this issue is intrinsically connected with the government of each country. Hence better governance, effective policy formulation and implementation are crucial for the economic development of each and every nation.

So after discussing about structural reforms, we can say that these reforms come at a price. A country loses is national sovereignty when its economic policies get dictated by an external institution. Customarily countries formulate policies which are deemed fit as per its economic ambitions. But if the policies suggested by IMF are not implemented, it leads to heavy fines being incurred by the nation. Hence if it is in need of borrowing, it has to sacrifice its sovereign independence to a certain extent.

Despite all these disadvantages, and in spite ofthe influence of IMF, structural reforms have done more good than bad for India. The pursuit of these reforms has propelled India in the path of development and growth as early as 1991. After independence, India became a largely socialist nation with a few capitalist elements. Due to the partition, economic problems due to land distribution and refugees fleeing across the borders lead to accumulation of huge costs. Millions of refugees crossed the border and their rehabilitation became the government's responsibility. Furthermore, loss of agricultural land in Punjab and Bengal was another heavy blow on the country's finances. Hence from the 1950s to the 1980sthe growth rate was only around 3.5%. Also the socialist form of government contributed to the slow growth rate in India, while countries like Taiwan and South Korea witnessed double digit growth during this same time period.

In 1975 the GDP of the country was $545 billion. Trade deficits, which had started accumulating since the 1950s, gained substantial magnitude by the 1960s. Nehru was unsuccessful in eliminating the food crisis, though agricultural production did grow during these years. Then the Indo-Pakistan war of 1965 and the drought of 1965-1966 broke the Indian economy further. India spent around 24% of its total expenses on just defence from 1965 to 1989. Inflation was fuelled amidst all these when the government, incapable of borrowing from abroad, issued bonds to RBI to increase liquidity in the system. Furthermore due to the war, foreign cohorts of Pakistan, like USA, withdrew their support from India. As a consequence, the rupee suffered massive devaluation and India was faced with a dire need of finances. (The trend of GDP and inflation is given in Exhibit 1 for the 1980s.)

During this time until the 1990s, India had adopted the Five Year Plan from the Soviets, their closest ally, and had built up a government controlled economy. Railways, telegraph, telephone, airways, radio, television, postal service and all major industries were government managed in order to ensure fair and equal distribution of amenities and employment to majority. Education, welfare activities and healthcare was also government operated and hence the overall development was very slow. Due to lack of competition, production and efficiency suffered. This meagre growth was further thwarted during the rule of Indira Gandhi, who put more emphasis on state control and centralisation of power than economic development. She nationalised all banks, curbed the power of the press, suspended elections and proclaimed a state of emergency in 1975. She introduced multiple restrictions which ultimately diminished all last traces of growth. Under her leadership corruption got a free hand and the economy stagnated.

Subject Description	**Scale**	**1980**	**1981**	**1982**	**1983**	**1984**	**1985**	**1986**	**1987**	**1988**	**1989**
Gross domestic product, constant prices, annual percentage change	Percentage	3.6	6.4	4.3	6.2	4.8	5.3	5	4.4	8.5	7.2
Inflation	Index, 2000=100	18.1	20.44	22.06	24.67	26.73	28.21	30.68	33.38	36.51	38.76

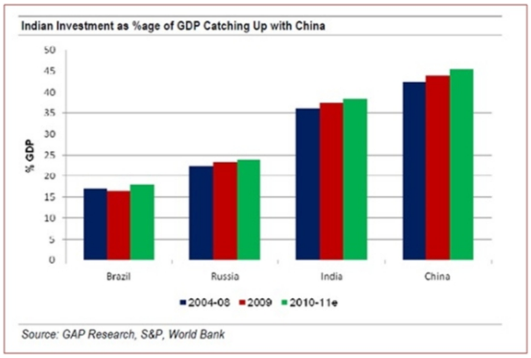
Exhibit 1 - Source: IMF website ; WORLD ECONOMIC OUTLOOK Database, April 2006

During the early 1990s two major occurrences shook the very foundation of the Indian economy: the decline of the Soviet rule and the Gulf War. The Soviets were significant trade partners and also suppliers of low priced oil. Their collapse was detrimental and expensive to India, as the then free market was the only source of oil left. Then the Gulf War led to the deportation of many Indians back home from the Middle East. The remittance of their earnings from abroad dwindled leading to a gaping hole in the pocket of India's foreign reserve. Its foreign exchange reserve went down to the alarming level of $240 million. This in turn was exacerbated by high unemployment, low growth, and widespread poverty. The only way out of this quagmire for India was the pursuit of structural reforms.

In 1991 India obtained financial aid from the International Monetary Fund and the World Bank, and opened its gates to economic policies of neoliberalism. The then Prime Minister NarasimhaRao and Finance minister Manmohan Singh undertook bold structural reforms. They reduced export tariffs, relaxed foreign direct investment policies, industrialization rules and licensing policies. This led to huge inflows of investment into the Indian economy and within a single year the fiscal deficit fell from 8.4% (in 1990-1991) to 5.9% (in1991-1992).The government further augmented the structural reforms by dismantling state monopolies, encouraging the growth of the private sector and opening the Indian market to global penetration. The financial influx was further strengthened by the rise of the middle class in India as a powerful consumer base and the development of information technology (IT). All these were inter-related. The IT revolution in India created a huge number of jobs which were promptly grabbed by the masses. Employment improved and capital generation got a much needed boost. FDI provided liquidity in the system and this led to improved domestic consumption. By the end of 1996 the foreign investment in India was around $5.3 billion.

From 2000 onwards came the era of knowledge based economic development. The IT giants like TCS Limited, Infosys, Wipro and Cognizant spread their wings, both in domestic and international markets. India became an IT hub and the economy became service oriented. Due to low cost and high knowledge based workforce, many global companies outsourced their work to India. The new BJP led government under Atal Bihari Vajpayee went forward with these structural reforms. They progressively reduced taxes, privatised the government organisations that were not performing profitably like VSNL, Maruti Suzuki, airlines and some hotel businesses. The overall aim was reduction of fiscal deficit and debts of the country. The subsequent Governments also supported these reforms. State ownership in banks was reduced and the market was opened for private banks to enter. By the end of 2004, India had emerged as an attractive destination for IT and BPOs and FDI in these areas began to flow in. The average growth rate around this time was 7.5 %. Civil aviation and telecom were also opened to global competition and Foreign Direct Investment. But the Asian crisis in 2007 was a severe setback to this growing trend and the impact was macroeconomic slowdown.

India gradually recovered with tactics like inflation control, reduction of Current Account Deficit and prevention of the rupee depreciation. Backed by structural reforms, the economy recuperated at a slow rate. In 2011 the Government tried to increase the FDI in retail to 51% but due to opposition from other parties of the coalition government the reform was scrapped until 2012. In 2014 the government further increased FDI in defence and insurance sectors to 49% while 100% was allowed in railways (in areas other than operations).This led to the gradual increase in the country's GDP. Over all these years despite the bottlenecks, India's GDP growth has been commendable as it is more likely to catch up with China's rapid growth than the other developing nations like Brazil or Russia.


Indian Investment as %age of GDP Catching Up with China

Source: GAP Research, S&P, World Bank

Exhibit 2

According to many experts, India has come a long way from the reforms of 1991 which have clearly served its purpose. To propel India further in the path of growth a new set of structural reforms are required. The government has already set up the Cabinet Committee on Investment (CCI) to improve growth and investment. It was set up to give quicker clearances to various projects and resolve infrastructure related issues. According to a reputed French bank Societe Generale, supply side reforms are the key to India's progress. To catch up with the strong demand side, India needs fiscal consolidation, regulation of power tariffs and a major escalation in supply of power. Likewise, firm policy implementation, reduction in market fluctuations, proper utilization of limited resources and better delivery of administrative functions should be the focus of the new government.

The recent FDI in government sector is already a step in the right direction. The next step will probably be the Land Acquisition Bill and Goods and Services Tax which are important structural reforms. Price deregulation for petrol and diesel is already underway, but following this example food and fertilizer subsidies should also be gradually phased out. According to the Global Economist of Morgan Stanley- Mr. Manoj Pradhan, India and Mexico are the only two developing nations who are chasing growth via effective structural reforms and since the last 8 to 9 months, India's focus has been primarily on investments. But a major impediment in its path is the fiscal deficit and the high inflation in the country. RBI needs to at least stabilize inflation to boost investor confidence, while a lower fiscal deficit will aid the private sector. One of the main deterrents in Indian growth is corruption. Government bureaucracy and red tape is still a major obstacle for many investors, both within India and abroad. Apart from the Right to Information (RTI) Act the government has not been able to do much to rein in corruption. But on the bright side, Indians are getting more proactive about their rights. Social media sites and the internet have increased awareness and managed to unite the people against the condition of corruption. The media also plays a vital role in revealing frauds and injustice by various ministers and business leaders. The common public now keenly follows and holds the government accountable for improper governance and policy lapses.

The trend of reducing fiscal deficit mainly at the cost of capital expenditure needs to be reversed. Structural reform driven investments will certainly generate liquidity. This money needs to be spent for infrastructure development, education, poverty alleviation, expansion of legal and financial systems, increase in manufacturing outputs and agricultural production, all of which will lead to self-sufficiency and sustained growth. This in turn will raise the standard of living and the domestic consumer base. By 2040, half of India's population is expected to join the middle class category. This implies a massive increase in domestic consumption and a boost to businesses.

India has come a long way since 1947. Within a little more than 65 odd years it is already the largest democracy and now it's moving towards becoming one of the fastest growing economies of the world. But this is just the beginning; it still has a long way to go. A substantial number of the Indian population is still battling poverty, farmers are still committing suicides and other social issues are still unaddressed. To improve such situations and make India a holistically developed country its economy has to be rejuvenated. Modern agricultural methods, research and development in the field of medicine, innovation in business and further integration of IT solutions in various private and government functions is the outlook for a better India. And to get there we need rational structural reforms and their implementation.

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Pursuit of Laziness

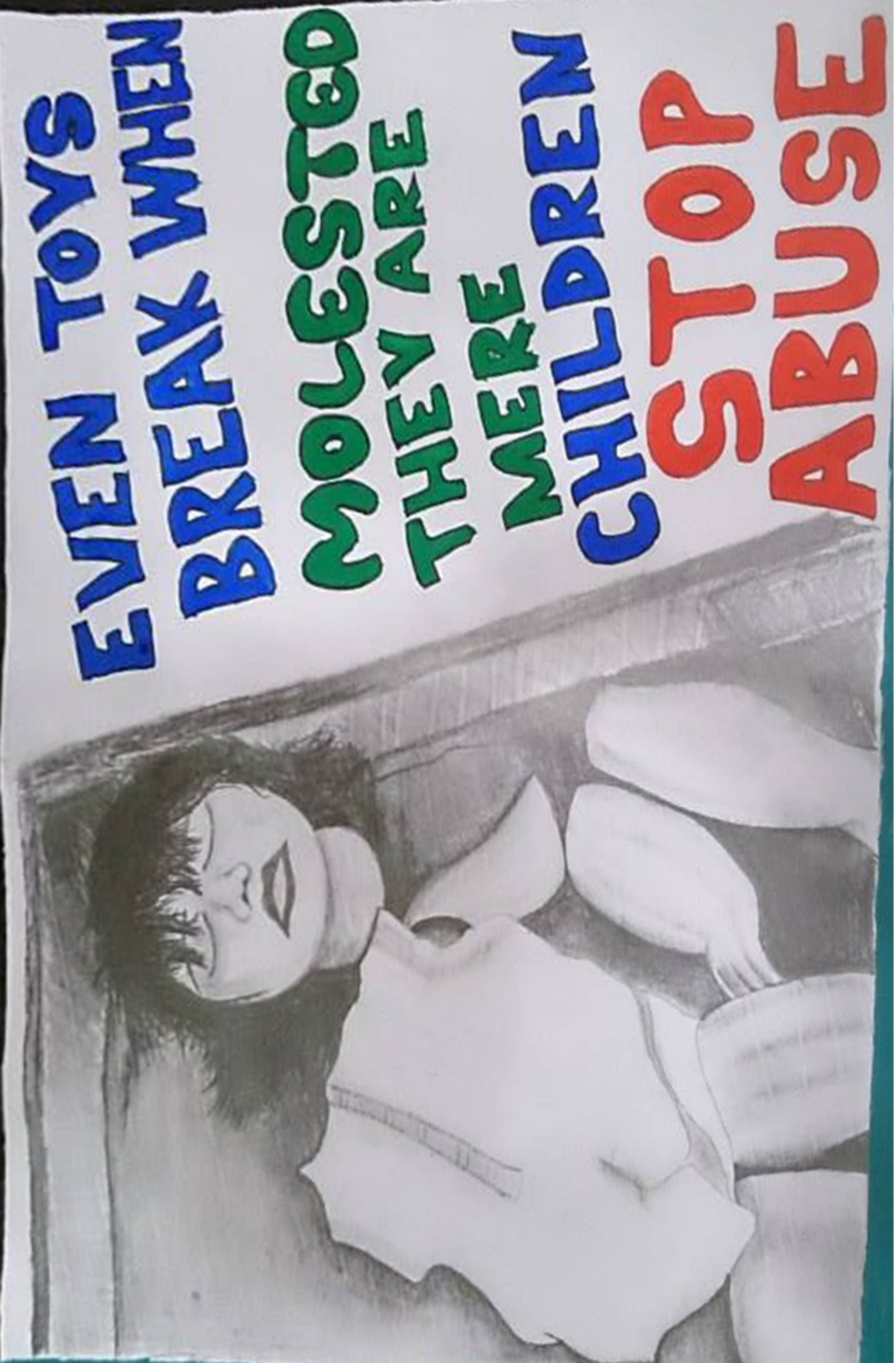
Dheeman Das

I am losing myself in the pursuit of laziness
I do not want to be famous; I do not want to be on a constant run
The world is staring at me with judgments and views
But I hate the atmosphere of constant worries and curfews
Breaking the chains of being important is a priority for me now
Wish I could just lie down on bed and stare at the stars instead of the ceiling

I am losing myself in the pursuit of laziness
Suddenly relationships and work are drawing me a pathway to solitude
The need to grow up is such a cliché that waking up every morning now seems like a horrid feeling
My passion has been insulted and degraded by my priorities
My heart is just a medium to breathe with no feelings
Wish I could just dance to the tune of nature instead of humans

I am losing myself in the pursuit of laziness
Sometimes I just sit idle for hours wondering,
Brooding if my life is a painful journey with a known ending
The choice to do what I want makes everyone believe I am lazy
The difference I want to make makes everyone believe I am crazy
Wish I could just climb the mountain and enjoy the view instead of searching for higher peak

I am losing myself in the pursuit of laziness
A broken heart and an incomplete story has created a void
I am unable to distinguish between success and happiness
Mistakes have been corrected by me yet I do not feel right
Every person is a struggle and every moment is a fight
Wish I could be lazy and just hide instead of competing in the rat race


EVEN TOYS
BREAK WHEN
MOLESTED
THEY ARE
MERE
CHILDREN
STOP
ABUSE

Artist

Apurba and Bikash

WALK-A-THON 2014

Udyam (CSR committee) and Rang (Cultural and Event committee) joined hands against the treacherous crime of Child Sex Abuse and organized a walk in collaboration with the esteemed organization "FAiTH". The event started off with streetplay "PUKAAR" at Forum Mall, Koramangala followed by a 3km long walk from Forum to NMIMS. The event made its way from the streets of Bangalore to the headlines in "The Hindu" and "The Indian Express" .

"CONVERGE", FINANCE SUMMIT 2014

Mudra, the Finance club of NMIMS Bangalore, organized a finance summit "Converge 2014" in association with CIMA. The event showcased presentations on financial issues followed by a panel discussion on the topic "Kya Ache din aane waale hai?"

The panelists were from domains like Real Estate, Manufacturing and Financial Services from Dell, Grand Thornton and Embassy Group etc. The discussion brought various perspectives on the table and gave a futuristic outlook on the government and the Indian business environment.

The event concluded with concrete action points that the government and citizens of our country should take to assure that the good days are really around the corner.

VERO OSANO

Margene, the Marketing club of NMIMS Bangalore organized the event "Vero Osano". As the name says, it had "truth and dare" flavor to it with dare pertaining to coming up with brand names limited to the number of alphabets and truth to recognizing the brand from the cues. It was finally followed by solving a puzzle to realize the logo and the finale had teams coming up with sales pitch in the most innovative ways.

THE FIRST CUT

Paramarsh, the Consulting Club of NMIMS Bangalore organized the event "The First Cut" that puts your lateral thinking to test. The case study based event had people churning out the best strategy for "SpiceJet" and showcasing the final solutions through presentations. The event highlighted in-depth case analysis by students and got new perspectives to the table.

Event Highlights

CHALK-THE-WALK

Knowesis, the Official Magazine club of NMIMS Bangalore joined in the light of the event “Walkathon” and organized “Chalk-the-Walk”. The poster making event urged students to get their creative neurons to work against the social cause of Child Sex Abuse. It consummated with innovative and eye-catching posters that were taken to the streets to spread the word.

EXCEL 'O' MANIA

Modex, the Excel club of NMIMS Bangalore organized the event “Excel 'o' Mania”. The event showcased students putting their “MS Excel” skills to test. This was the first event of the newly formed excel club. The event consisted of an excel crossword as an elimination round and various excel puzzles in the final round.

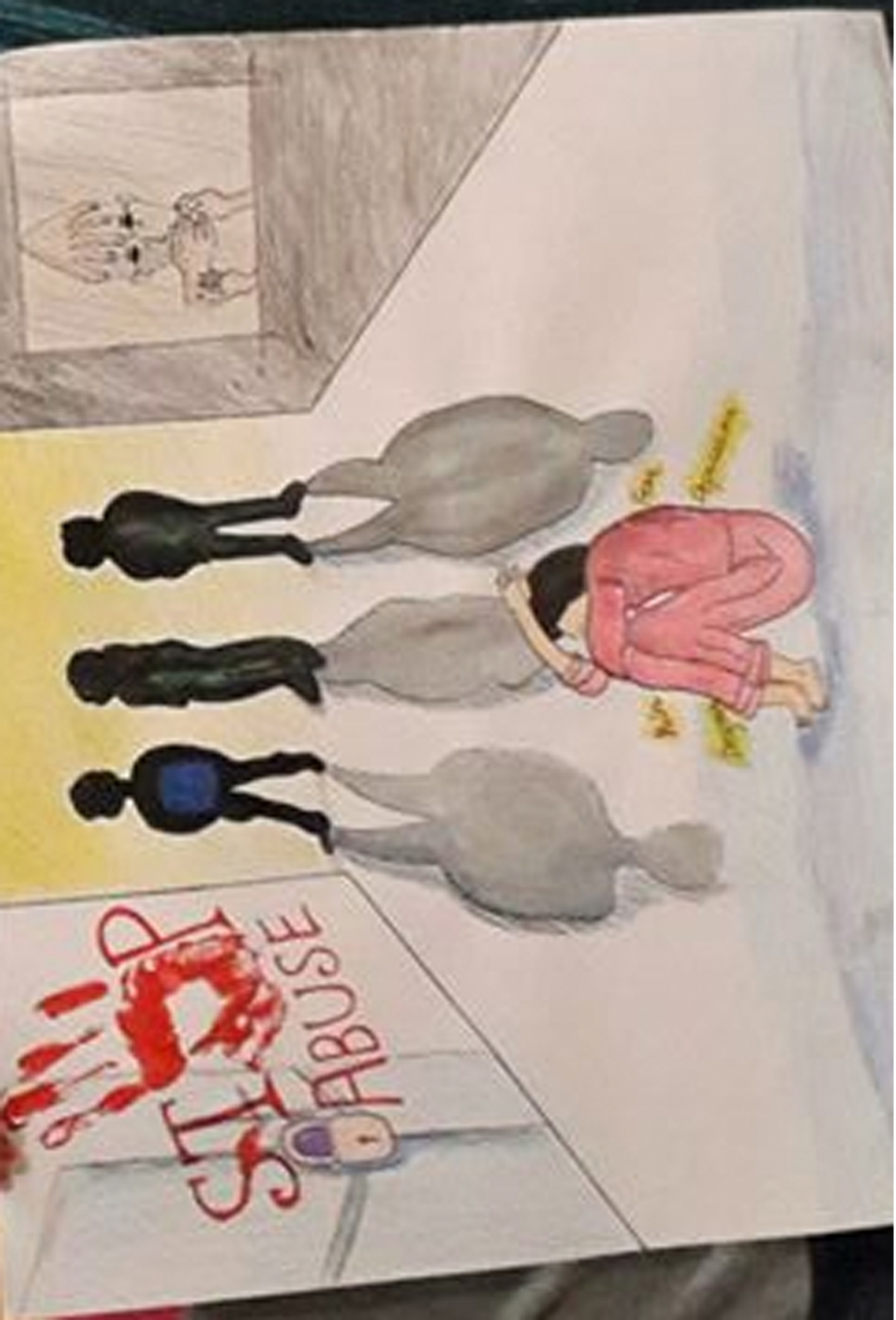
TT CHAMPIONSHIP 2014

Lakshya, the sports committee of NMIMS Bangalore organized the event “TT Championship”. It had Men's Doubles, Men's Singles, Women's Doubles , Women's Singles and Mixed Doubles .Quick reflexes, powerful smashes and controlled chops was the order of the day.

INDEPENDENCE DAY CELEBRATIONS

happy independence day

Rang, the Events and Cultural committee of NMIMS Bangalore lighted the torch of patriotism with Independence day celebration showcasing a canvas of talents highlighting dance and singing performances following the theme of post-independence.



Artist

Richa

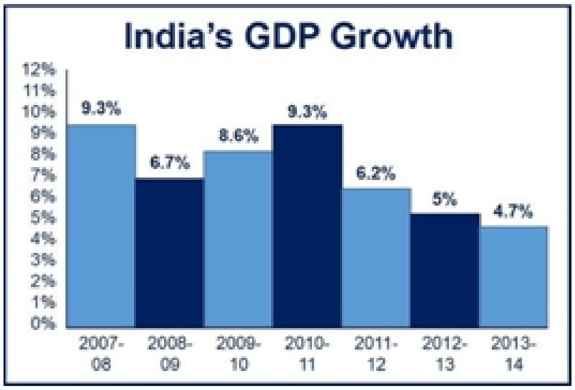
and

Nikhita

Structural reforms to bring about 'Achche Din'

Ankit Gupta
Vineet Kalra

The landslide victory for the Modi-led BJP in the recently concluded elections did not surprise anybody. The election, fought on the plank of 'Minimum Government, Maximum Governance', caught the imagination of one and all. The expectations from the Modi government are sky high and living up to them would require tremendous amount of courage, will and effort. Modi has proven himself as an able administrator as the Chief Minister of Gujarat running a relatively clean and growth oriented government known for encouraging industry and trade. However, India is not Gujarat and there are serious question marks over the applicability of the 'Gujarat Model' in other states. Modi inherits, from the UPA, an economy which is dogged by inflation and low growth.



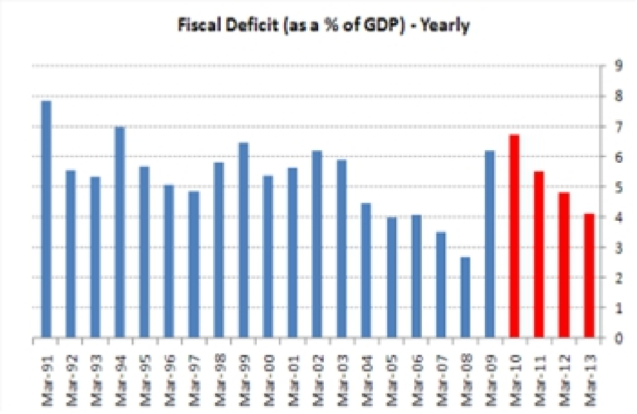
Source: www.marketbusinessnews.com

Investor confidence is still low and the threat of a credit downgrade still beckons. The world is looking up to Modi for instilling back confidence. India has long been reticent in carrying out the requisite structural reforms needed to power its growth. The time for undertaking bold reforms is now. The following are some of the strategic policy areas where structural reforms are needed -

Fiscal Deficit

Problems

Fiscal discipline went for a toss during the UPA regime. High levels of spending in the form of the farm loan waiver and expensive social sector schemes like the NREGA (National Rural Employment Guarantee Act)and the Food Security Bill coupled with the absence of adequate growth in revenue mop-ups created enormous burden on the exchequer.**Fiscal Deficit rose to 6.5% in FY10.** The high fiscal deficit crowded out the more productive private sector investments leading to lower growth which led to higher inflation and caused a deficit on the current account, all of which contributed to the downfall of the rupee vis-à-vis developed market currencies.



Source - Bloomberg

Roadmap

The mandate accorded to this government was one for growth, reform and price stability. All of this is only possible if the government commits to reducing the fiscal deficit. The government needs to put a framework in place wherein fiscal deficit is brought down by half a percent every year. A commitment by the Finance Minister (FM) on lowering of deficits would allow a more accommodative monetary policy that would boost investment.

In the recently concluded budget, the FM put out a very ambitious target of reducing the deficit to 4.1% which, if achieved, would be laudable. However, the FM did not make any announcement on the enactment of a new Fiscal Responsibility and Budget Management Act (FRBM Act) although the Economic Survey which was unveiled a day before the budget did talk about the need for it. The FRBM Act, which in its earlier avatar aimed to bring down the fiscal deficit to manageable levels, was suspended in 2009 on account of the global financial crisis. A re-enactment of the FRBM with strict disciplinary actions on the violations of its provisions is required to ensure government's refrain from spending beyond their means. Another much needed step that needs to be taken is to institute a subsidy reduction plan wherein non-targeted subsidies would be eliminated in a phased manner.

Taxation

Problems

India has some of the most archaic, outdated and complex taxation laws in the world. The multiplicity of taxes coupled with its cascading nature creates an urgent need for streamlining of the taxation structure, especially on the indirect tax front. The problem of retrospective taxes also needs to be addressed.

Roadmap

The single most important reform that is required in the area of taxation is the implementation of the Goods and Services Tax (GST). Implementation of the GST will lead to the rationalization of the cascading indirect tax system, greater compliance, higher tax revenues and could boost GDP by atleast 1% per annum.

However, the biggest roadblock that it faces is from the state governments who feel it will lead to loss of revenue and fiscal autonomy. The only way out for the Modi government is to take the state governments into confidence by assuring them full fiscal autonomy and full compensation for any revenue losses suffered by them in the initial years of implementation. It is also very important for the government not to succumb to the demand of the states for a higher rate as that will encourage non-compliance andtax evasion.

The single biggest reason for uncertainty amongst investors was the retrospective amendments in tax laws. India's reputation as an investment destination has been badly damaged by the Vodafone tax amendment and it needs to be rectified. In his recent budget speech and utterances thereafter, the FM tried to allay investor fears by promising to treat retrospective amendments with “kid gloves”. However, he felt short of issuing a pledge. What is required today to reassure the investor community is a ban on retrospective amendments, possibly through legislation. The government should address the Vodafone, Shell and Nokia disputes on a fast track basis, within 6 months of taking office.

Infrastructure

Problems

Ten years of the UPA regime took its toll on infrastructure with lakhs of crores worth of infrastructure projects being stuck due to delay in ministerial approvals, most notably from the Environment ministry.

Roadmap

The government should set up a National Infrastructure Board (NIB) chaired by the Prime Minister and having various Chief Ministers as its members. The NIB will become a single window clearance for big ticket infrastructure projects and will ensure coordination between the central and state governments and confidence among investors. The environment ministry should be made a part of the NIB since it is the most important authority when it comes to project approvals.

INFRASTRUCTURE

Manufacturing

Problems

The problems facing manufacturing under the UPA include delay in clearances, archaic labour laws, problems pertaining to land acquisition and lack of fuel supply.

Roadmap

India is a young country and needs to get labour out of unproductive agriculture and into manufacturing in order to reap the benefits of demographic dividend. Other countries have already begun to age, including China. Though ten years of the demographic dividend have been lost, there is a lot that can still be salvaged. Archaic labour laws need to be amended and brought in line with current standards. The steps taken by the Rajasthan government are path breaking in this regard. In what could be described as a game changer, the Raje Government amended age old labour legislations like the Factories Act, 1948 and Industrial Disputes Act, 1947 to make retrenching and hiring of workers easier. Although such reforms are the prerogative of the state, the centre may play a very important role in convincing states to go for such reforms. The government should amend the Land Acquisition Act to eliminate the need for multiple clearances.

India ranks poorly on most global rankings of ease of doing business. One of the prime reasons for this is the delay in achieving clearances. Setting a time limit for clearances by benchmarking it against best practices in countries like Singapore will send out a strong signal to manufacturers about the government's intent.Quick resolution of the energy crisis by allocation of coal blocks for captive consumption to manufacturers would go a long way in manufacturing.

Education

Problems

The problems plaguing India in this regard are lack of skill development, lack of employability of graduates and recurring turf wars between regulators.

Roadmap

India, a country which considered population as an impediment to growth in the early 1990's is now considering its billion plus population as its engine on the path to double digit growth. In current times, when economy is grappling a slowdown, Investment led growth is imperative to turnaround the economic growth trajectory. The Investment led turnaround will not reap desired fruits unless abundant skilled manpower is available to augment the infrastructural spending. India can't afford another decade of job-less growth as it would turn India's so-called 'Demographic Dividend' into a 'Demographic Disaster'. Higher budgetary allocation to skill development and empowering National Skill Development Corporation (NSDC) should be the priorities for the government. The government should also free higher education from the regressive control of Union HRD Ministry by establishing a new independent Higher education regulator thereby abolishing the UGC, the AICTE and the MCI which have been mired in corruption and incompetency.

Education
Shift

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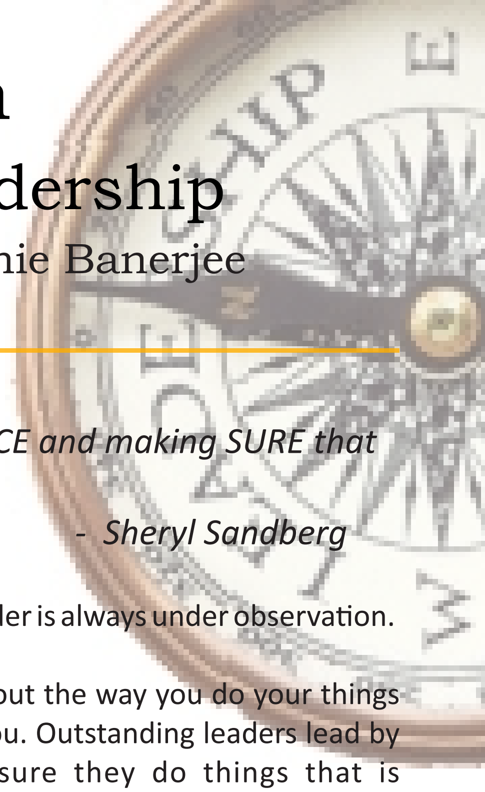
Journey up North

Demystifying the art of Leadership

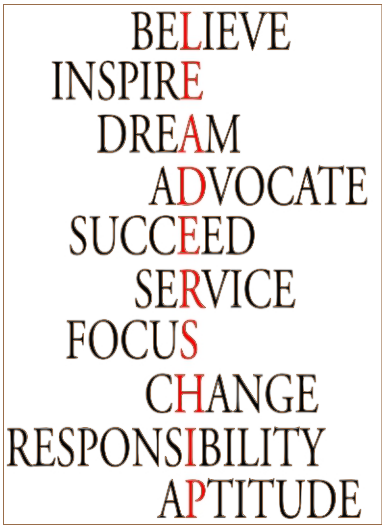
Dr. Melanie Banerjee



" Leadership is about making others BETTER as a result of your PRESENCE and making SURE that IMPACT lasts in your absence "

- Sheryl Sandberg

Would you rather direct? Or be directed?
Nothing complicated, single word is what changes the entire role of which side of the game you want to be. As we grow on to learn more about our strengths & weaknesses. Leadership is one personality trait which continues to be a mystery, some say you learn it, some say its inborn. And still we all aspire to be that one leader whose impact lives on.



It is not surprising that the art of leadership has always interested us human beings since centuries. We all are different with unique characteristics, and then what is it that only a few befit the role of a leader?

In changing work cultures straight jacketed leadership has come to roost. Today's leaders are one of us, blue jeans & T-shirts but oh boy! They are calling the shots to multimillion dollar businesses. So what do they do that their followers don't?

1.Leadership Is Not about Personality but about Behaviour

Let's say you are walking through your office corridor and you see a piece of trash on the floor, what do you do?

Pick it up, crumple it and throw it in into the bin like a basketball throw and yeah that was cool!
Pick it up; crumple it till you find a trash bin to throw it?
Both the options seem to be a conscientious way of doing things, but imagine if you were observing this how you think you would perceive this. The main challenges of leadership are that a leader is always under observation.

Leadership is always about the way you do your things and what it means to you. Outstanding leaders lead by example, they make sure they do things that is important to them. That also goes to show how they would behave with the people they work with. They care about the way to go and not the show.

2. Leadership Enables Others to Act

It is a fact that everybody wants to win, everybody wants to be successful. Professionals go to work trying to make a difference and competent leadership breathes life into their hopes. Successful leadership is a dialogue not a monologue they bridge the gap of what being successful is to a resource and for the organization, & why the definition of success is different for each one of us.

A leader is clear about how the results would look like and is stone rigid on it being achieved; only difference is they never spell out the course.
We as humans work best when our minds are racing and when we manage to set our own sail the success become ours. Then what has leadership got to do with it? Quality leadership never expects people to toe the line & lets people use their minds but makes sure it is done with logical vision in perspective. Not only does is bring along with a sense of personal achievement but also impassion the workplace. Like they say it stay

committed to your decisions, but stays flexible in your approach.

3. Leadership Understands That They Are Answerable

In scenarios of professional competence it is necessary to have an honest dialogue with someone, but it is tough to have one, without the clarity that comes from knowing where they stand. In environments which are filled with lot of What's?

- What to say?
- What to implement?
- What to execute?

What's often missing is- Why?

Tell me what to do and I'll try to do it; tell me why, help me as then they'll move towards doing the impossible.

As we know that it's hard to lead a cavalry charge if you think you look funny on a horse.

4. Leadership Takes Criticism as an Opportunity Towards Self Development

A myth pervades many business settings: employees should be intra - competitive in order to create an efficient workforce. It is understandable that we all want to improve: to be more skilled, more polished, more successful but the sheer difference that sets apart a leader and an arm chair manager is that the former looks inwards and introspects his own actions and doesn't shy away from seeking help.

A top notch leader believes in accessibility, they believe in honesty and a culture that supports that. And one can't have that if they are not open to receiving feedback. They don't pretend to know everything and in the process they show a very impactful quality of human nature i.e. vulnerability, a respect for the knowledge and skills of others, and a willingness to listen. This instils a faith in their team members & that is exactly where their MOJO lies.

5. Leadership & Idiosyncrasies Is Inseparable

Being realistic is the most common road to mediocrity. A bit of craziness is good for business & we all know that. For many worthwhile endeavours, the odds of success are low & the effort required is often immensely high. And only the square pegs in round holes realise that. Outstanding leaders are often the ones who need to be at least a little crazy in these testing times. The two main attributes that separate them:

a) A powerful vision that fills their team with purpose.
b) A solid plan that can actually bring success.

Art of leadership lies in the art of knowing thy self first:

Which endeavour in my life am I going to pursue with a crazy, unmitigated ferocity? And can I promise myself that I will work at it until it's the best for the organization, my team & me? Leadership directly affects the way people feel about working for you. You create a 'climate' that affects the amount of effort people contribute to your organization. And the more they contribute, the more successful your organization becomes.
A journey up north may be a mystical one but it's the very art of a quality leadership to work towards changing things. It is concentrating towards those integral bolts and ensuring that they always move forward.

Leading is the license to take the charge & face the risks and step across the lines of artistic safety to take on this journey. It is the grit to reject the invisible jury and believe in one's own decisions & aspire through actions, words and DEEDS! To achieve what no one else has done. As in the words of the great Chinese philosopher Hsün Tzu

"Those who are near will not hide their ability,
and those who are distant will not grumble at
their toil... That is what is called being a leader"

So, are you prepared for your journey up north?

Harvest of Exigency

Arbab

"In youth, it was a way I had,

To do my best to please

And change with every passing lad

To suit his theories.

But now I know the things I know

And do the things I do,

And if you do not like me so,

To hell my love with you."

Dorothy Parker's beautiful lines explains the mood of the market very well. A market which is fierce, fast changing and unforgiving. A market which has replaced manufacturing as the engine of the economy and has deflated the Western ego. Today everything is being reverse engineered in a Nehru Place sweatshop. As a result, our flattened world has dematerialized and now all we have to do is to sell a breakthrough IDEA.

The question is how do these ideas emerge? Well, absurdity seems to be a good bedfellow to an idea. It's said 'Don't play what's there, play what's not there'. So when Graham Bell didn't stand byPierpoint Morgan's view of no commercial future for telephones he was simply being absurd. And rest we know is history. Another such absurdity struck Nadia Shouraboura, former head of supply chain and fulfillment technologies for Amazon, when she came with the idea of Hointer. Hointer today has changed the way we shop. Nadia addressed the issue of customers harangued by over eager sales staff. She promotes a mechanism where shoppers download Hointer app, make selection from 150 styles of jeans, shirts and tops suspended on steel cables and scan a QR code with their smartphones and wallah within 30 secs the product is dispatched via micro robotics from store room to designated dressing room. Discard the unwanted items in a chute and swipe and pay for your purchases. Hointer stores have 1/5th floor space and half the no of staffs. With a substantially lower cost and sales uplift of 30-50%, Hointer has led to customers buying more. An average 3-5 more sale at Hointer shows its epitome to "efficiency buying" rather than simple shopping.

Its known that there are 10 billion brain cells, each capable of making 5000 connections but its making unusual connections which give birth to revolutionary ideas. Rent the Runaway, a Jennifer Hyman masterpiece, is one such unusual connection. Hyman observed that her sister with a full wardrobe didn't find anything of use to wear and born was the renting women's wear which is now called the 'Netflix for dresses'. With around 24000 dresses and 12000 accessories in its store to rent for weddings or for a night in town, Hyman is giving a "Cinderella experience" to women who would have never dreamt an access to popular brands. But its more business than romance. A 3 million customer base, 100% growth and investments of $15 million and $24 million over consecutive years speaks volumes and promises to stay.

"BE THE CHANGE"

A new notion is sometimes at odds with the stern disciplines of management. It aims to create a stir. It ruefully intends to revive the moribund industry. Henry Zilberman'sYumani is one such notion. Yumani focuses on the principle that internet should influence the buying power of individuals and customer marketplace. Its business follows that sellers should compete amongst themselves to offer the best deal possible. It allows customers to request products at lower prices. The more is the no of customers, the more is the discount. With 8000 registered users, 700 sellers, a funding of $2 million in less than a year and a concept which is very different from that of the industry, Yumani has certainly grabbed few many eyeballs.

The reason why these and thousands others rose was- DESIRE- a pursuit to transcend and be the change. When men choose to seek rapids and not calmness of lake, the world gears up and prepares for something which they have neither seen nor heard of.

Modi's 'M' for Manufacturing

Dhruv Bahl

India needs sustainable growth with massive employment generation for our ever so dynamic working population. The manufacturing sector always has a massive trickle-down effect on a nation's economy. Should Narendra Modi choose to channelize this sector, India can get back on the right track.

Manufacturing acts as a catalyst

Manufacturing activities in any economy act as catalysts towards a higher growth trajectory. Historically all powerful economies have built their prowess around this sector. This can be seen easily because of the value that gets added at every stage of any production process. SoumitraBiswas who works as an advisor at the Technology Information, Forecasting & Assessment Council (TIFAC), Govt. of India, in a recent article in Yojanahas written, “Manufacturing activities act as the multipliers in value chain starting from cheap raw materials to more expensive intermediates to sought-after products, which can be positioned to command a very high value appreciation.” A modern economy's growth prospects are evaluated on its performance in tertiary sector (services), and India in the last decade has grown phenomenally in the field of IT, with a contribution of about 58% to the GDP. Only the agriculture sector comes closest to services with a contribution of 26%. While all this is promising, India faces a massive crunch with a large chunk of youth facing major chances of unemployment. Though the IT sector boasts of powerful statistics, the truth is that it relies heavily on a very narrow skill set of the workforce. Furthermore developing this skill set is highly time consuming and requires specialized education and training. With a spillover of around 250 million new people in the already vast existing workforce, India cannot rely solely on the tertiary sector. Here is where the problem needs to be resolved, and this burden falls on the new government led by NarendraModi. The answer he believes lies in developing the manufacturing sector not only for sustaining economic growth but also for generating employment to a sizeable chunk of our population.

Policy paralysis seemed to be one of the main reasons why the Congress juggernaut was derailed, and it was the sole objective of the BJP to discontinue the “present state of policy paralysis” by taking speedy decisions that would only focus on reviving economic growth, giving priorities to the infrastructure and manufacturing sectors and at the same time ensure that farmers' interest in land acquisition is not compromised. NarendraModi clearly outlined his vision for the government to seek quick permission of projects by pushing for a single window clearance system thereby ensuring time bound delivery. He also aims to foster better coordination between the centre and the state for faster project consents especially in the infrastructure sector. This due-diligence will not be a part of only the pre-project policy changes. The government has also outlined its idea to ensure that there is minimum delay in completing these projects to avoid escalation of primary costs. The manufacturing sector generates a mere 16% of GDP, which compared to the services sector, is below par. There is a need for manufacturers to improve their productivity throughlabor, capital and other important resources. The government can perhaps just provide a springboard by clearing obstacles that have bottlenecked growth and allowed large foreign competitive businesses to take the benefits of the lower cost realization in India. Mckinsey&Company in one of their studies, claim that China's manufacturers have captured nearly 45% of global growth in manufacturing exports in low income countries from 2001-2010, whereas India managed 5%. Often in a growing economy there is massive upscale in demand for consumer products. Some of the industries which benefit the most from thisinflux of demand are into broad manufacturing production- textiles, beverages, food and apparel. Indian business need to realize these gains to become profitable.

Making the Gujarat model national

According to the Economics Division of Credit Analysis & Research Limited (CARE), Gujarat contributes to about 7% of India's GDP. Out of this 13% is contributed by the manufacturing sector and 11% by the primary sector. Gujarat also boasts of being the most urbanized state in India with 43% of population residing in urban areas. It has always been well known that Gujarat has performed better than the Indian economy taken as a whole and the growth rate statistics are a reflection of the same. It has registered an annualized growth rate of 9.1 % (in constant terms, source- CAGR for the period of 2008-2011), well above the 8.2% national level growth across the same period. The impact of manufacturing and industry on the Gujarat economy has been immense. The government has laid down the benchmark for industrial development in the country. Indian businesses aren't afraid to shell out money, but they are more than often left asking for more. Under NarendraModi, Gujarat has transformed itself into an industrial hub with less arduous labor laws, broad and smooth roads, reliable electricity, abundant water supply and most importantly, effective bureaucracy. It has been ranked no.1 as per the 'Economic Freedom Rankings for the States of India, 2012'. Its reputation for promoting industrial growth and development has been a result of NarendraModi's foresight for the state. The contribution of manufacturing sector to Gujarat's Gross Domestic State Product (GDSP) is about 30% and the degree of openness comes into fore with the ratio of exports from state and the GDSP being 53:100. Gujarat's economy is considered to highly stable and self-sustainable. Throughout Modi's tenure which began in 2001, he outlined the importance of being self-sufficient and building a model for sustained growth. Besides numbers, there was a lot of work carried out in the development of the knowledge base. The focus on value addition to product development was a critical part of this growth story. He believes that developing theentire value chain of a secto will eventually create more employment.

When Tata Motors moved their Nano project from Singur in West Bengal to Sanand, a cattle farm about 30 km from Ahemadabad in the last quarter of 2008, Ratan Tata knew this wasn't just a 'second' option. The Gujarat government handed over 1,100 acres of prime land for the project. The plant which was supposedly a make-shift at the time had an original capacity to manufacture 250,000 cars a year in the first phase of production. Ratan Tata had said at that time, “We chose Gujarat because of its conducive and industry friendly environment as well as infrastructure. Also, the location of the land that was being offered was very attractive.”Modi realized at that time, that Tata's entry would have a strong impact on the industrial sector in Gujarat and attract further long term development projects. Coupled with this, The AdaniGroup- an Ahemadabad based business conglomerate, runs India's largest multi-special economic zone (SEZ) in Kutch. The government announced an SEZ policy for the state in 2004, in line with the central government's policy to encourage the development of export-oriented businesses. The Adani

Manufacturing- A globally renowned benefactor to growth

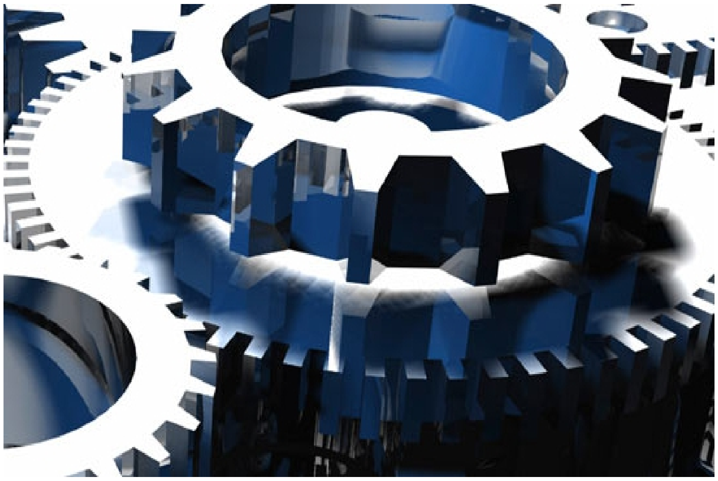
Manufacturing has always played a dynamic role in economic growth. Initially growth was concentrated amongst the top-tier European countries and the US but later spread to developing countries. It is a major contributing factor in providing higher incomes and standards of living across various sections of society. The process of global diffusion that the manufacturing sector offers leads to widespread benefit across the economy. If we take an example of a simple production plant for steel, it uses labor from the countryside by providing greater earnings than what they might get working in fields. This thereby increases their capacity to spend that additional income and creates ***a multiplier effect*** across the economy as there are more transactions with goods and services being exchanged at a greater rate. It is claimed that the final sales of a manufactured product supports $1.33 in output from other sectors- this is the largest multiplier of any sector.According to the Bureau of Economic Analysis (2012), manufacturing supports an estimated 17.4 million jobs in the United States and about 12 million Americans (or 9% of the workforce) are employed in the manufacturing sector. In 2012, the average manufacturing worker earned $77,505 annually including benefits. The other industries averaged to around $62,063. The manufacturing sector in the United States is one of the most productive and going back in time, it forms a major backbone of the industrial prowess. They perform two-thirds of the Research and Development (R&D) of all private sectors in the US economy today. If we were to take this mass out, the manufacturing sector in the United States would beequivalent to the 8th largest economy in the world! USA's sustainable economic growth in the 1920's was due to rapid growth in productivity of the manufacturing sector.

Let's move to China, withwhom India is currently in a fight to exert spheres of influence. A 2011 survey conducted by Deloitte China on the competitiveness of the manufacturing sector revealed that China has managed to maintain 'sound development in the

manufacturing sector'. With a long history and strong foundation with sustained growth over a period of 30 years, China's manufacturing sector has experienced internal growth and become a pioneer in manufacturing export. China contributes to 19.8% of the global total manufacturing output in the world, surpassing the United States, which contributes around 19.4%. This reflects the competitive advantage it possesses over other countries. China plays master roles in “manufacturing, processing and assembling” which compared to other Western countries, is of lower value. But considering that Indian industries face the same global competition, this gives China an added advantage. Attempts are being made to improve the 'Made in China' tag by companies investing in aspects of technology, efficient techniques of management and marketing.

Government's vision of Manufacturing

Even before NarendraModi's victory there was wide consensus between both supporters and critics that he would aim to make the much talked about 'Gujarat Model' a national phenomenon. Strengthening the manufacturing sector forms the strength hold of that process. During his speech at the Red Fort on August 15th, 2014 he outlined his vision in three simple words; “Make in India”. The BJP's manifesto which is highly regarded to have Modi's blueprint, is indicative of the areas that the Government needs to focus on to bring businesses to manufacture, build and create in India. We must take advantage of the economy'sgrowing potential and ensure that the country eventually becomes a great destination for business. The government aims to 'rationalize the interest rates'with a view to give the Indian economy the positive stride it requires, specifically for the manufacturing sector. This will certainly widen the scope of opportunities that India can provide to international investors. ShaileshVaidya, President of the Indian Merchants Chamber (IMC) has appealed to the RBI Governor to consider policy easing and realization of the interest rates as suitable action measures to convince the international community that India is a globally leading growth and investment destination. Infrastructural hurdles are a major deterrent to businesses, and the government has stressed the need for a consistent power supply and inaction of labor reforms. They also plan to construct Freight and Industrial Corridors in an ambitious attempt to connect villages through 'all-weather' roads. This will make movement of goods and servicesfaster and easier. There is a need to reduce costs of doing business in the country by reducing the bureaucracies involved. Modi plans to facilitate business and trade by ensuring easy custom clearances and visas for business related travels. India's vast network of railways has huge spillover effects for the manufacturing sector. Modi has already shared his plans for building new strategic rail networks to connect Hinterland to ports. This follows the Diamond Quadrilateral project which aims to connect the major cities across the country by a bullet train network. Generating energy is another aspect that India needs to work on. Manufacturing and processing require efficient capabilities to utilize natural resources in the best possible way. The government aims to come up with a comprehensive 'National Energy Policy' to harness important renewable and non-renewable resources. They understand the strong linkage and spillover effects that manufacturing possesses have with and over other sectors. If India has to catch up with other developed nations, there is a need for both embodied and disembodied technological advances as it acts as a source of the diffusion into the economy.



The Future of Manufacturing and What India Must Do

Manufacturing has definitely paced itself to cope with uncertain economic environments. It comprises the next era of global growth and innovation. The global economy is altering its demand patterns and there is a scope for development of opportunities for global manufacturers, but sustainability remains unknown. Industries create additional sources of income as manufacturing outputs and employments both steadily rise and this in turn creates demand across the other sectors of the economy. This reiterates the need for the manufacturing sector to be a forerunner in generating growth and employment, and NarendraModi seems well aware of the fact. There is a requirement for local innovation and utilization of the untapped advantages that we have with regards to our demographics. Part of the young and vibrant Indian population is seeking employment, while a large proportion of the rural population remains engaged in agriculture. Proper training of semi-skilled labor and providing them with the right opportunities, working environment and compensation benefits which will bring down the rate of attrition is highly essential. India needs economies of scale which are available in the manufacturing sectors vis-à-vis the agricultural and services sectors. From the consumer side, as per capital incomes rise, the shares of expenditure decline and the shares of expenditure on manufactured goods increase. This concept is known as Engel's law. Narendra Modi has a dream for India, however the application of the model that he had in place in Gujarat will not be easy to replicate.

Manufacturing
production
industry
economy
steel
tools
free
market
growth
consumers
investment
products
industrial
industries
finished
Metalworking
semiconductor
range
directed
trends
goods
use
sale
sell
Food
term
things
Nanotechnology
components
Aerospace
Global
economies
mass
Machine
required
researchers
performance
industrial-economic
intermediate
planned
Synthetic
cross-nationally
Agribusiness
materials
Clothing
general
countries
factors
key
sources
aspects
users
transformed
examined
addition
profit
important
development
integration
Brewing
Textile
issues
retailers
high
manufacturers
Pharmaceutical
toward
categories
may
world
instead
machining
scale
Telecommunications
Biotechnology
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Chemical
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Interchangeable
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In Pursuit of Oneself

Nausheen Fatima Shireen
Harsh

A lady who has gone through various phases of her life receives a call from her daughter. “Mom! Please can you come back home? I need you.” “Leah, what's wrong? Can't we discuss this over the phone?” asks the lady. “No. Please mother. I need to talk to you.”

The lady rushes back to her apartment and finds her daughter sitting in the corner of a dark room, sobbing. She approaches her and stands her up. “What's wrong?” the lady asks. Leah breaks down inconsolably, “I don't know who I am anymore. Every time I look at myself, I feel like I am looking at a stranger. I feel like I have lost my true identity to the world.” Leah begs her mother to help her find herself again. As a lady, she wants the girl to find her way back. Being a mother, her heart melts. “I know. I understand. When I go down the memory lane at times, it leads me to the time when I was exactly at the same place. I too had cried. I too had lost myself. But then I found pursued a journey to find myself again.”

The lady opens her closet and brings out a diary- the same diary that she had when she was her daughter's age. This old diary was and is the lady's Bible. She hands it over to Leah and leaves the room saying, “Read. This should help you start your journey in pursuit of finding yourself again. ”

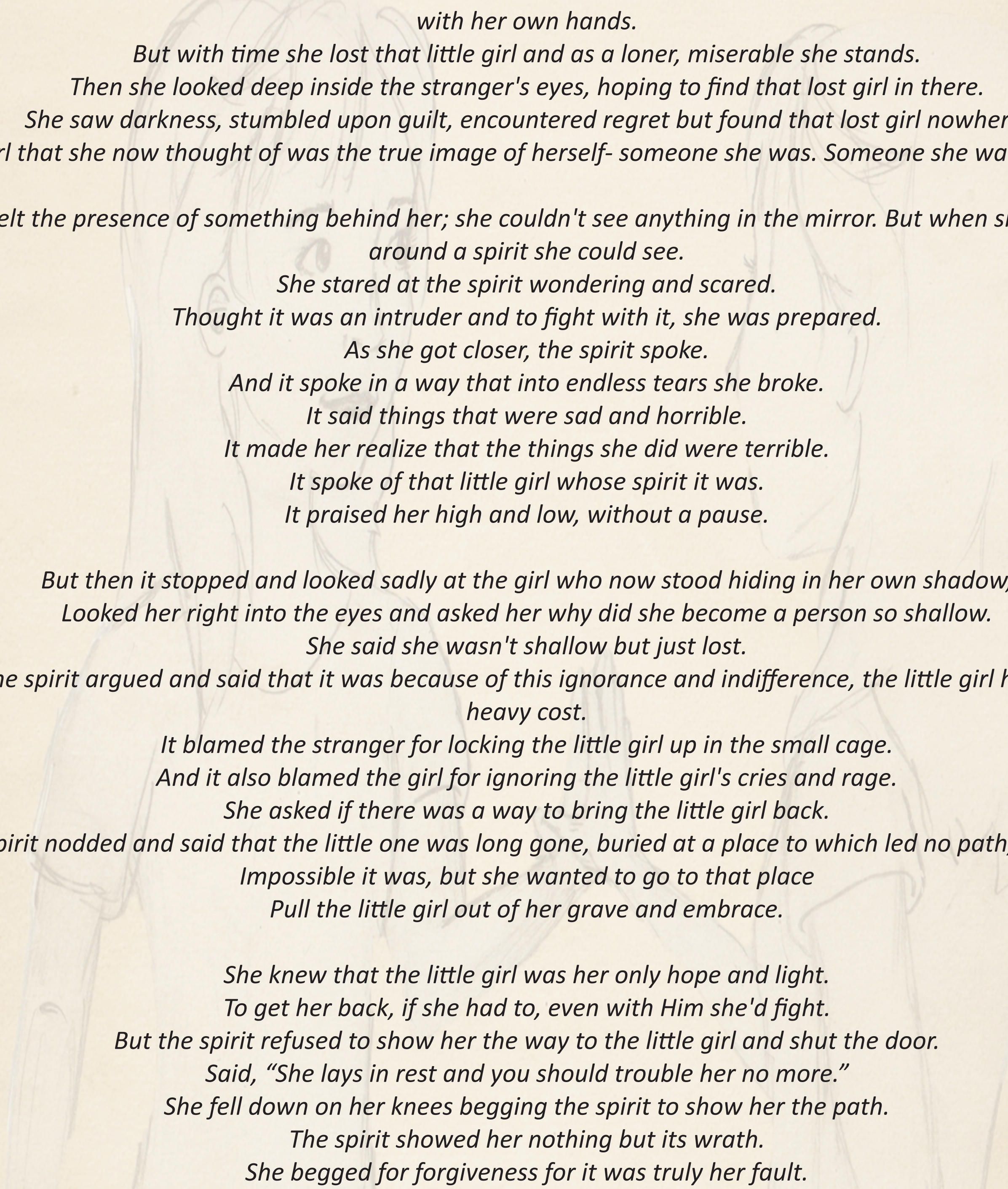
As Leah flips through the pages, she stumbles upon a poem her mother had written years back. A poem called **“In Pursuit of Oneself”**

She stood in front of the mirror, looking into the eyes of a stranger.
Someone who was a threat to her, someone who was nothing but a danger.
For this stranger took her away from herself and turned her into a person she didn't know.
For this stranger dragged her into a solitude where nobody could reach her, neither a friend nor a foe.

But she stood there staring at this stranger and did not blame anybody but herself.
Nobody knew about this stranger. Nobody knew that to this stranger she had sold herself.
She had willingly given into the whims and fancies of the person that she had now become.
Deep inside, her heart knew it was wrong and yet, she kept mum.
Very slowly this stranger changed her inside out.

And by the time she realized this, it was late and she could do nothing but scream and shout.
Shout at the stranger for doing this to her. Shout at herself for not realizing it before.
She had turned into a person that everyone liked but this was the person she didn't adore.
She looked into the mirror and she hated what she saw.
Struggling hard, she tried to free herself from the stranger's claw.
But she couldn't. Just couldn't free herself from the grip that chained her.
She cried out for help but too faint to be heard her cries were.
Sobbing, she gave up. Stood there wondering what to do.
Wondering whom to call for help. Looking at herself, wishing that not a bit of this nightmare was true.

She looked at her palms and they reminded her of that little girl who had promised that she would write her fate



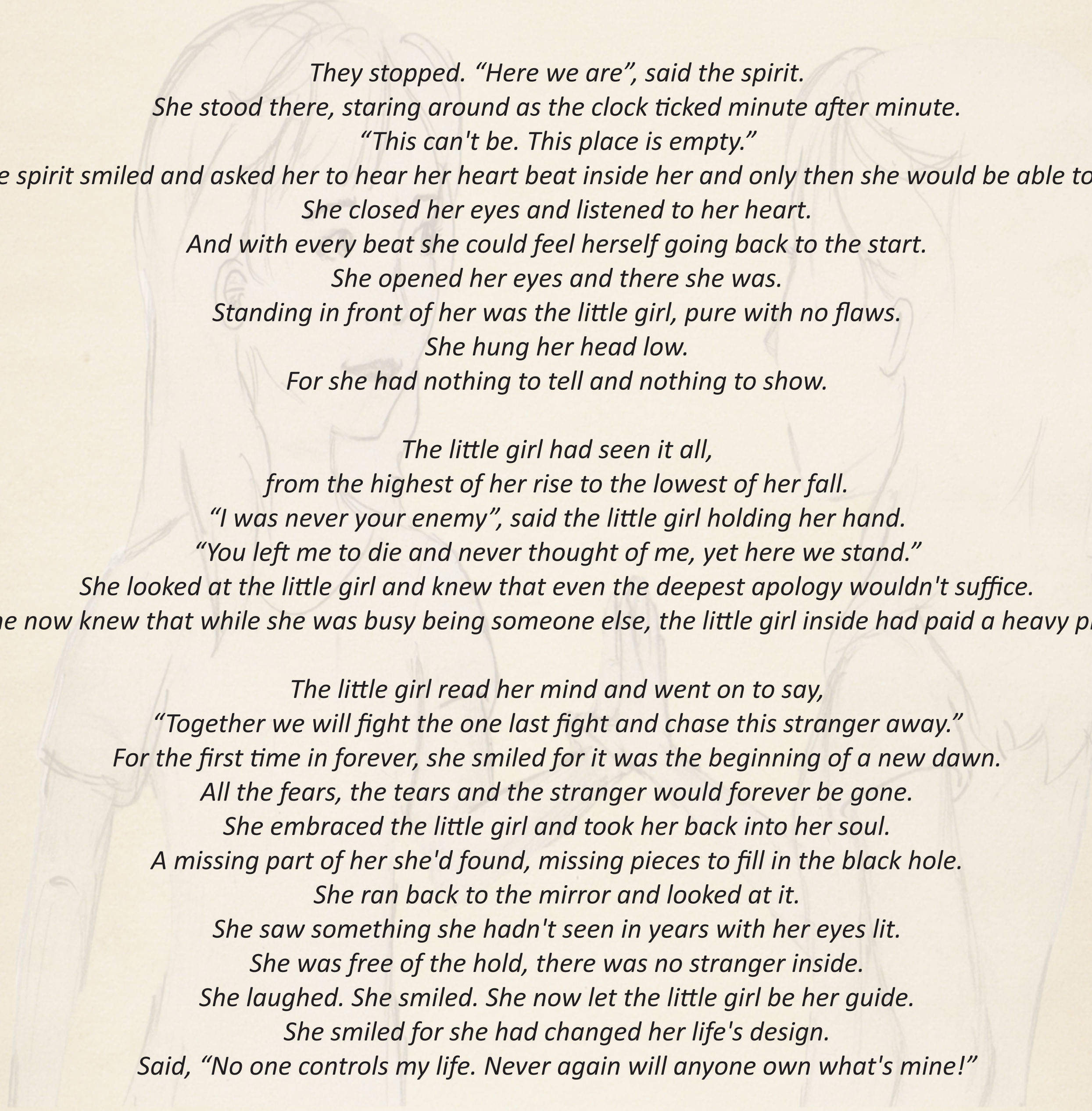
with her own hands.
But with time she lost that little girl and as a loner, miserable she stands.
Then she looked deep inside the stranger's eyes, hoping to find that lost girl in there.
She saw darkness, stumbled upon guilt, encountered regret but found that lost girl nowhere.
The girl that she now thought of was the true image of herself- someone she was. Someone she wanted to be.

She felt the presence of something behind her; she couldn't see anything in the mirror. But when she turned around a spirit she could see.
She stared at the spirit wondering and scared.
Thought it was an intruder and to fight with it, she was prepared.
As she got closer, the spirit spoke.
And it spoke in a way that into endless tears she broke.
It said things that were sad and horrible.
It made her realize that the things she did were terrible.
It spoke of that little girl whose spirit it was.
It praised her high and low, without a pause.

But then it stopped and looked sadly at the girl who now stood hiding in her own shadow,
Looked her right into the eyes and asked her why did she become a person so shallow.
She said she wasn't shallow but just lost.
But the spirit argued and said that it was because of this ignorance and indifference, the little girl had paid a heavy cost.
It blamed the stranger for locking the little girl up in the small cage.
And it also blamed the girl for ignoring the little girl's cries and rage.
She asked if there was a way to bring the little girl back.
The spirit nodded and said that the little one was long gone, buried at a place to which led no path, no track.
Impossible it was, but she wanted to go to that place
Pull the little girl out of her grave and embrace.

She knew that the little girl was her only hope and light.
To get her back, if she had to, even with Him she'd fight.
But the spirit refused to show her the way to the little girl and shut the door.
Said, “She lays in rest and you should trouble her no more.”
She fell down on her knees begging the spirit to show her the path.
The spirit showed her nothing but its wrath.
She begged for forgiveness for it was truly her fault.
Hearing this, the moving spirit came to a halt.
It said it would take her to the place where the little girl lay.
But it also took a promise that never again with the little one she'd play.
She wiped her tears and rose, followed the spirit to a place so serene.
Everything silent, never so calm in all these years spent she'd been.

It reminded her of the place she saw whenever she looked into her own eyes
A place that she longed to go to, a place that she'd left far behind even befre she could realize.



They stopped. “Here we are”, said the spirit.
She stood there, staring around as the clock ticked minute after minute.
“This can't be. This place is empty.”
The spirit smiled and asked her to hear her heart beat inside her and only then she would be able to see.
She closed her eyes and listened to her heart.
And with every beat she could feel herself going back to the start.
She opened her eyes and there she was.
Standing in front of her was the little girl, pure with no flaws.
She hung her head low.
For she had nothing to tell and nothing to show.

The little girl had seen it all,
from the highest of her rise to the lowest of her fall.
“I was never your enemy”, said the little girl holding her hand.
“You left me to die and never thought of me, yet here we stand.”
She looked at the little girl and knew that even the deepest apology wouldn't suffice.
She now knew that while she was busy being someone else, the little girl inside had paid a heavy price.

The little girl read her mind and went on to say,
“Together we will fight the one last fight and chase this stranger away.”
For the first time in forever, she smiled for it was the beginning of a new dawn.
All the fears, the tears and the stranger would forever be gone.
She embraced the little girl and took her back into her soul.
A missing part of her she'd found, missing pieces to fill in the black hole.
She ran back to the mirror and looked at it.
She saw something she hadn't seen in years with her eyes lit.
She was free of the hold, there was no stranger inside.
She laughed. She smiled. She now let the little girl be her guide.
She smiled for she had changed her life's design.
Said, “No one controls my life. Never again will anyone own what's mine!”

With her eyes lit bright, Leah rises from her chair. With the break of the dawn, as the first ray of sun comes through her window, she finds herself in front of the mirror. She now starts her own journey to find her own spirit and the lost girl. She now starts her own journey in pursuit of finding herself again.

Startup Cocktail

Swati Chandiramani

"Do the cogs in your head turn to churn up a system from scattered opportunities?" A system made self-sufficient from the streaks of passion in grey matter and the zeal to give a ground to the castle in the air.

In the wake of constant reinvention of our lifestyles and rising demands, the world needs new solutions to optimize the resources and sate the consumer. And the same is facilitated by increased internet penetration and youth that thinks on its feet with its head in the clouds. With the world going digital and gripping easy-to-use payment mechanisms, the online retail e-commerce industry has risen exponentially.

From investors taking big bets to analytics squeezing its way to predictive analysis, there has been a remarkable shift from product centric approach to the value delivered to the consumer wrapped up in marketing strategies. A new wave of startups has innovated its way to success.

What gets the ball rolling?

"The connecting road": The meeting point between science and art defines the breeding ground for a new player to enter and visualize a reality. A reality that is entrepreneurial-savvy and has an estuary where the idea meets the iterative and the methodical, forms an organization. The idea needs a framework for its feasibility and execution but before we get into the basics of execution, let's touch up on the channeling of the very idea and its origination parameters:

What are you passionate about?

The depth of the visionary in you defines the fact as to whether the journey ahead is a 100 m race or a marathon. The visionary needs the focus to go hand in hand with the passion that fuels the engine when the going gets tough. Passion is the key driver to get ideas out of the shelf.Following this line of thought, venture capitalists are more inclined towards passion as a key criterion for judging the potential of the startup.

Where is the pain?

"More the pain, greater is the need for a solution": Having narrowed down to the categories of interest presents the road further on to recognizing the opportunities and the pain points. The significance to realizing full potential in the startup is avoiding the empty opportunity mistake, the most common cause of a startup failure. It is not about solely solving the problem but finding the right problem in larger magnitude to solve.

How is the pain being alleviated currently?

"Treasure Hunt": With rising competition in the market and dynamic consumer demands, it's important to tap the right opportunities. Consequently there arises the need to search for existing solutions to the problem in hand.

Is there a scope for improvement?

"Can it be optimized?": Having reached the stage of assessable opportunity, there comes the task of realizing the room of improvement in the delta of opportunity.

Are you making the existing solution cheaper or bringing a new answer to the table? Does it solve multiple problems or form the basis of idea generation? The right questions need to strike one in order to realize the length of the playing ground.

An example of a startup following the above trail of thought is as follows:

"My Bus Finder app":

Five students of Rajigiri School of Engineering & Technology have come up with an application that helps track local buses in Kochi. They realized the pain points and the need to build this idea. The app helps the consumer with the required bus routes. The application provides a guide for bus travel as well as provides them with correct details like where to board from, where to get down and fares in cases of single buses and also in cases of more than one bus. The idea is now further being facilitated by Startup Village to optimize it to full magnitude.

Basics of starting up the Startup

1. The Paper Chase: Before setting foot on the field, you need to make sure everything is legal which boils down to obtaining the business permits and licenses which vary as per the city, state, country and the type of company you are operating.

2. Counting the pennies: An accurate estimate of the startup cost is necessary for future prediction of financial performance. Numbers have to be crunched to optimize the utilization of resources as well to assure the right output.

3. Do your homework well: The approach should have the right mix of identifying the market, need and creation of the business that adds the needed value consistently.

4. Get a name: The name of business should strike an instant chord with the intended perception in the mind of the consumer. The right perception forms the incubator for a good brand.

5. Get a room: You need to consider the degree of importance of the location for your business to the stakeholders. The concerns may vary with regards to convenience, safety, traffic, prestige etc.

6. Get the right guy: Choose the right CPA (Certified Public Accountant) who will do more than just yearly taxes, like advising on accounting system, financial, retirement, estate and tax planning.

7. The right structure:

- Sole proprietorship
- ▪ No formal requirements
- ▪ Decisions are completely in the hands of the owner
- ▪ All profits and losses are reported directly to the owner's income tax returns
- ▪ Start-up costs are minimal

- Unlimited liability to business and personal assets
- Lacks continuity; ends when the owner becomes disabled, retires, or dies
- Difficult to raise capital for
- Requires owner's attention at all ends.

- Partnerships
  - Sharing of profits and losses
  - Joint administration and control of operations
  - Capital investment by partners
  - Common ownership of property

- Limited Partnerships
  - Created by statute versus partner intentions
  - May be able to override partnership agreements
  - Taxes are treated differently; while an LP typically has pass-through taxation, it must meet specific criteria to avoid being taxed as a corporation.

Inside a Venture Capitalist's mind

Let's look at that single magnet that all startups crave to be attached to; what it really takes to embark upon a journey with the ride all ready and the seat belt on:

A GREAT PITCH!

You, the seller:
You form the basic crux of how the execution is going to hit off and the very aspect of the roadmap needs to be sold to get the funding on. You need to have your branches laid out in the right directions with the right people on the board. Climbing on, next comes the executive summary that shall not be too big yet should capture your plan with regards to the company's overview, goals, target market, competitive advantage offered, people involved, projected timeline, financial estimations and cash requirements.

Next in line, comes the B-Plan that should paint a clear picture depicting the market for the product or service , relative position considering the current competition, research and development needed and the risks involved. Another important element of the pitch is the pennies that are going to roll in. The financial needs should be laid out plainly and aligned with the needs as well as expectations.

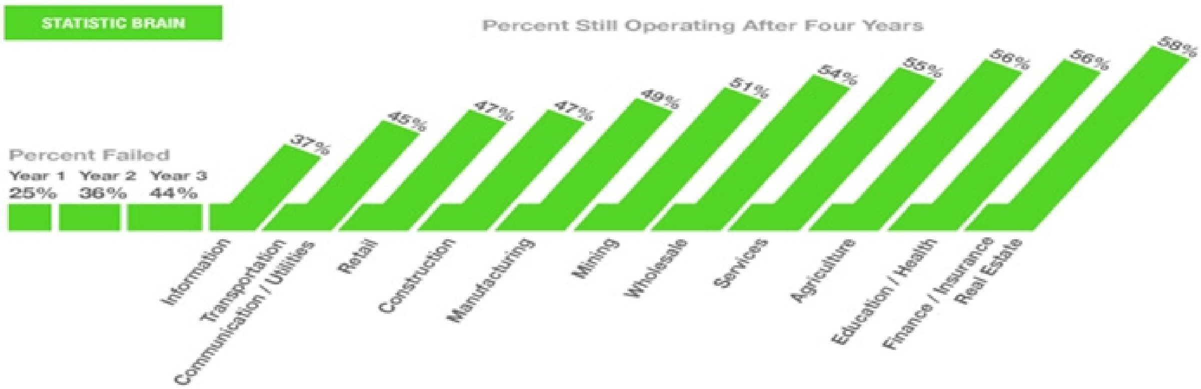
Lastly, you need to sell yourself as a package that demonstrates the passion, integrity and experience. The investors bet on the person as much as the business opportunities.

You, the Buyer:
Now is the time to turn the table once the expectations from the other end have been met. You shouldn't sell your dreams short and hence there arises the need to visualize the same passion and chemistry in the eyes of the venture capitalist.Request for references pertaining to your market sector and lead investors in the company. Look for the needed affinity in the venture capitalist and evaluate their relevant experience before finally closing the deal.

What causes the fault lines?

The following data represents the failed startups grouped as per their corresponding industries, since their year of inception:

Statistic Verification
Source: Entrepreneur Weekly, Small Business Development Center, Bradley Univ, University of Tennessee Research
Research Date: 1.1.2014
The reasons are sometimes complicated and not always clear as to why a certain business failed. It could be upper management, lack of funding, or just the free market phasing out unwanted items or services. Typically, startups have a casual attitude to promote efficiency in the workplace, they often simply need to get their business off of the ground. A new trend in failed startups is the purchasing of patents by what are derogatorily known as "Patent trolls".



The vacuum bubble: The entrepreneurs can get engulfed in their vision so much so that they lose perspective and hence the venture capital comes to the rescue as the vision of the target market gets clearer and strategies are validated on time.

The gap between the idea and the problem: With the world growing more complex and answers hidden in the labyrinth of opportunities, the entrepreneur needs to ask the right questions and hit the right spot. Every idea that works doesn't make it the unique best idea.

Empty pockets: Many startups run out of cash due to imbalanced combinations of financial planning and high burn rates.

Execution gone awry: Not all brilliant ideas and inventions guarantee a fine end product. The consumers need spoon-feeding and not a table of contrivances.

Spots in the strategy: A narrow vision to achieve your goal may strip you of the optimization aspect of the strategy. The spots left unattended grow in due course of time to become the showstoppers.

Decoupled Team: The team doesn't have what it takes to make it. The most important aspect that venture capitalists fund in is the management team.

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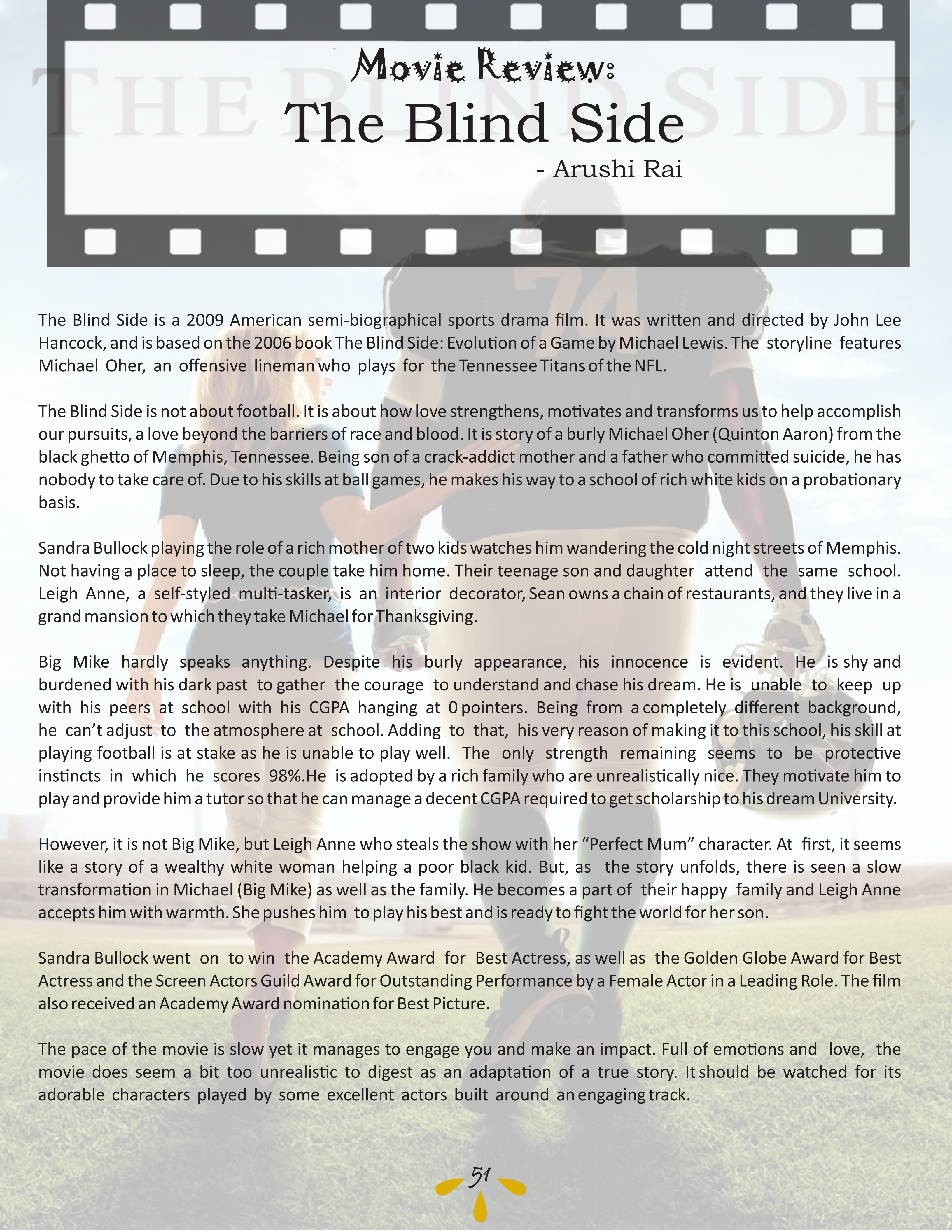


Movie Review:

The Blind Side

- Arushi Rai

The Blind Side is a 2009 American semi-biographical sports drama film. It was written and directed by John Lee Hancock, and is based on the 2006 book The Blind Side: Evolution of a Game by Michael Lewis. The storyline features Michael Oher, an offensive lineman who plays for the Tennessee Titans of the NFL.

The Blind Side is not about football. It is about how love strengthens, motivates and transforms us to help accomplish our pursuits, a love beyond the barriers of race and blood. It is story of a burly Michael Oher (Quinton Aaron) from the black ghetto of Memphis, Tennessee. Being son of a crack-addict mother and a father who committed suicide, he has nobody to take care of. Due to his skills at ball games, he makes his way to a school of rich white kids on a probationary basis.

Sandra Bullock playing the role of a rich mother of two kids watches him wandering the cold night streets of Memphis. Not having a place to sleep, the couple take him home. Their teenage son and daughter attend the same school. Leigh Anne, a self-styled multi-tasker, is an interior decorator, Sean owns a chain of restaurants, and they live in a grand mansion to which they take Michael for Thanksgiving.

Big Mike hardly speaks anything. Despite his burly appearance, his innocence is evident. He is shy and burdened with his dark past to gather the courage to understand and chase his dream. He is unable to keep up with his peers at school with his CGPA hanging at 0 pointers. Being from a completely different background, he can't adjust to the atmosphere at school. Adding to that, his very reason of making it to this school, his skill at playing football is at stake as he is unable to play well. The only strength remaining seems to be protective instincts in which he scores 98%.He is adopted by a rich family who are unrealistically nice. They motivate him to play and provide him a tutor so that he can manage a decent CGPA required to get scholarship to his dream University.

However, it is not Big Mike, but Leigh Anne who steals the show with her “Perfect Mum” character. At first, it seems like a story of a wealthy white woman helping a poor black kid. But, as the story unfolds, there is seen a slow transformation in Michael (Big Mike) as well as the family. He becomes a part of their happy family and Leigh Anne accepts him with warmth. She pushes him to play his best and is ready to fight the world for her son.

Sandra Bullock went on to win the Academy Award for Best Actress, as well as the Golden Globe Award for Best Actress and the Screen Actors Guild Award for Outstanding Performance by a Female Actor in a Leading Role. The film also received an Academy Award nomination for Best Picture.

The pace of the movie is slow yet it manages to engage you and make an impact. Full of emotions and love, the movie does seem a bit too unrealistic to digest as an adaptation of a true story. It should be watched for its adorable characters played by some excellent actors built around an engaging track.

Living with a Wild God

A Nonbeliever's Search for the Truth about Everything

- Barbara Ehrenreich

What are we all doing here? What is the point of our brief human existence, a life invariably followed by death? What is "The Truth" about everything? These inevitable questions rarely disturb us in our busy schedules. But when they do lure our attention they put our very reason of being in turmoil. To those who want to engage themselves further in these questions, we have the perfect book for you in line.

Living with a Wild God is an effort of an atheist's strenuous attempts to resolve what she calls The Situation. The book portrays the arresting account of an adolescencent's intellectualised musings and lengthy self-analysis.

So what is the book all about?

It starts with a tangled and evasive journal written by the author in her teens, which consists of all her attempts to find the reason for her living. Born and brought up in a militant atheist working class mining-family, she has had a turbulent home life. She has been relatively closer to her father than to her mother though they were both heavy drinkers. She has rarely confided in them. Their marriage has been tense and an unhappy one. She has had a strained bond with her mother who always scolded her. Eventually she has dealt with it by withdrawing socially and psychologically.

Then comes the pass, where she goes on a trip with her brother and a friend called Dick. The trip is a disorganised affair and an ill-planned one. During the trip, they barely eat and sleep in the car, on the way there and back. To add to the discomfort, her friend becomes surly and reserved. This further adds to the stress amongst the travel companions.

Then comes the mystical event. On the journey back home, unable to sleep in the car, she walks at first light into the nearby town of Lone Pine. There, on an empty street, she has her encounter with the "ineffable", the "transcendent".

"The world flamed into life. How else to describe it? There were no visions, no prophetic voices or visits by totemic animals, just this blazing everywhere. Something poured into me and I poured into it . . . It was a furious encounter with a living substance that was coming at me through all things all at once, and one reason for the terrible wordlessness of the experience is that you cannot observe fire really closely without becoming part of it." -

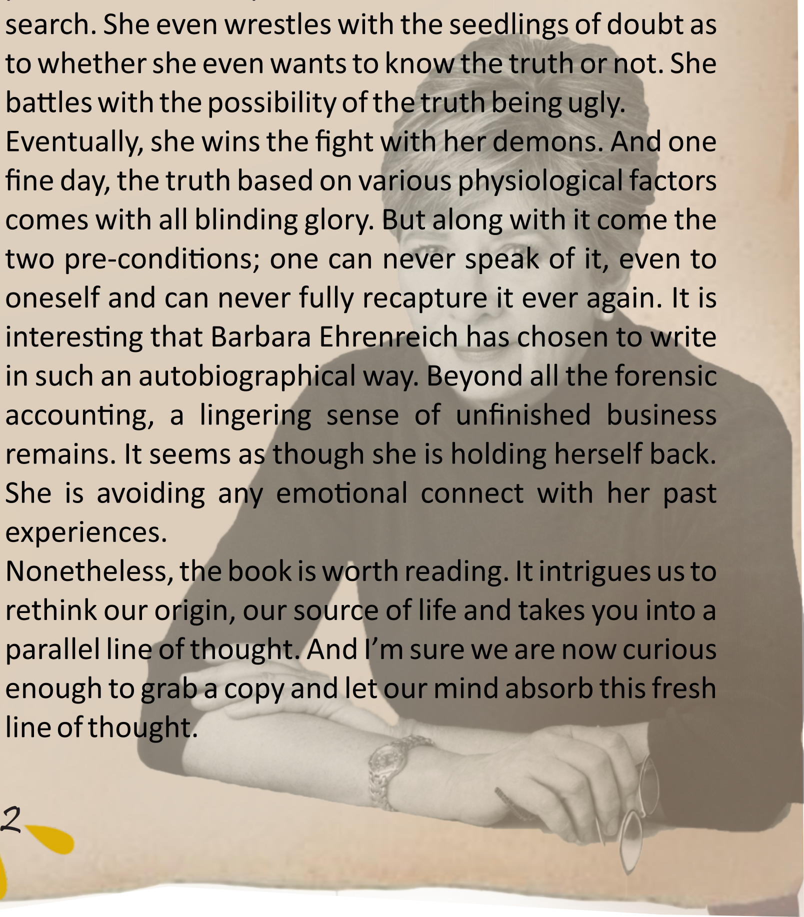
Barbara Ehrenreich, an excerpt from the book.

The event leaves her speechless and she experiences what we can call an "emotional meltdown". She doesn't know what to do. She doubts herself to be crazy. Her inability to connect with people of her own age further heightens her discomfort. At this time she embraces the situation and buries it.

However, after a while, happily married and eminently well balanced she now decides to look at the journals and probe into the truth. She looks for every avenue possible that can provide the minuscule clue to her search. She even wrestles with the seedlings of doubt as to whether she even wants to know the truth or not. She battles with the possibility of the truth being ugly.

Eventually, she wins the fight with her demons. And one fine day, the truth based on various physiological factors comes with all blinding glory. But along with it come the two pre-conditions; one can never speak of it, even to oneself and can never fully recapture it ever again. It is interesting that Barbara Ehrenreich has chosen to write in such an autobiographical way. Beyond all the forensic accounting, a lingering sense of unfinished business remains. It seems as though she is holding herself back. She is avoiding any emotional connect with her past experiences.

Nonetheless, the book is worth reading. It intrigues us to rethink our origin, our source of life and takes you into a parallel line of thought. And I'm sure we are now curious enough to grab a copy and let our mind absorb this fresh line of thought.



Team Knowesis 2014-15

Sharique

Karthikeyan

Shivani

Dheeman

Arushi

Aditya

Pranav

Sandip

Shreya

Ojaswita

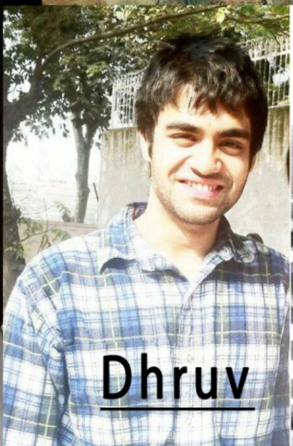
Karanveer

Arbab

Nidhi

Swati

Nikhita


Dhruv

Shivangi

Shrinivasa

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CONVERGE
Finance Summit 2014
"Kya Achhe Din Aane Wale Hain?"
WALKaTHON
FAITH

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